



# **"General Financial Management and Performance Evaluation of Square Toiletries Limited"**



**SUBMITTED TO**

**Riyashad Ahmed  
Assistant Professor  
BRAC Business School  
BRAC University**

**SUBMITTED BY:**

**Fatima Momin  
ID: 11104132  
Course ID: BUS 400**

**Date of Submission: 12<sup>th</sup> May, 2015**

## Letter of Transmittal

12th May, 2015

Riyashad Ahmed

Assistant Professor

BRAC Business School

BRAC University.

Dear Sir,

I am highly satisfied to complete my report on the "**General Financial Management and Performance Evaluation of Square Toiletries Limited**" which you have instructed me to submit it on 30<sup>th</sup> April, 2015. The report contains a detailed information about the financial management processes of Square Toiletries Limited, my learning from and activities throughout my internship period from Square Toiletries Limited and their performance evaluation over the past five years using ratio analysis.

I have completed this report with my full contribution and dedication to show my practical learning from Finance and Accounting department of Square Toiletries Limited. I have gathered data and information from the annuals reports of Square Toiletries Limited, through interviews of my supervisor, and from the company website. I believe that you will consider the limitations I faced due to lack of confidential information while doing my research on this report.

Lastly, I would kindly request you to evaluate my research paper and provide me with your precious feedback to enrich the quality of this report.

Sincerely

Fatima Momin

.....

ID: 11104132

### **Acknowledgement**

This report was prepared with tremendous amount of work, research and dedication. But it would have been incomplete if I did not have a support of many individuals and organization. Therefore, I would like to spread my sincere gratitude to all of them.

Firstly, I would like to thank my academic supervisor **Mr. Riyashad Ahmed**, Assistant Professor of BRAC Business School, BRAC University, for providing me with necessary guidance and sharing superior knowledge concerning report completion. I am also thankful for your patience to enhance my basics in finance during the report works.

Secondly, I would like to thank **Mr. Golam Kibria**, General Manager, Accounts and Finance (A&F) Department, Square Toiletries Limited for helping me tremendously with such an important project and giving me the opportunity to work independently along with required support. I would also like to thank my direct supervisor **N.M. Mosfak Chowdhury** for his brilliant and excellent guidance and assistance to complete this report.

Nevertheless, I express my gratitude toward my families and colleagues for their kind co-operation and encouragement which helped me in completion of this report.



## **Executive Summary**

*Square Toiletries Ltd. (STL) is one of the largest and leading "Fast Moving Consumer Goods" company in Bangladesh. This report provides an in-depth analysis and interpretation of "General Financial Management and Performance Evaluation of Square Toiletries Limited". It consists of the job responsibilities I was given during my internship in the Finance and Accounts department of STL. A detail about my critical observation is given about the way they record their daily transactions with their third parties, the way they measure their production workers performance, and also how they maintain good relationship with their retailers through winter gift promotional campaign. Then I also gave a description about my critical observation about the activities of STL including my recommendation to change some of their monitoring processes to increase revenue. Also, a detailed explanation of the profitability, liquidity and financial stability of STL over the last five years and its financial performance is compared to that of its competitor, Kohinoor Chemical Company Limited (KCCL). This is done through liquidity, solvency, activity and profitability ratios. All these calculations were done with the help of balance sheet and income statement of STL for the last five years. For KCCL, the calculations of ratios were done for the year 2014. Results of ratios are also discussed to evaluate STL's overall performance and remedial actions are also given to overcome any major area of weaknesses.*

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## **Chapter- 1**

# **INTRODUCTION**

## **1.1 Background of the study**

Gaining knowledge and learning on a particular subject can only be evaluated properly if it is linked with theory and real-life practice. Theory is learned in a detailed manner from the academic courses. However, when it comes to attaining practical knowledge on the subject matter to be studied, it is important to get a real life experience where the theory can be implemented. This can be gained by a program namely “Internship”. The main purpose of internship is to train the students and prepare themselves for the real work situation in job markets. After gaining knowledge from my internship program from Square Toiletries Limited under Accounts and Finance department, I have developed this internship report as a partial requirement to acquire the BBA degree under direct supervision of **Mr. Riyashad Ahmed**. I have tried my best to make this report with sufficient resources to make it an informative and showcase my real-life knowledge.

## **1.2 Origin of the study**

This report is a partial fulfillment of the internship program to complete my undergraduate. My supervisor Mr. Riyashad Ahmed assigned me with the topic “General Financial Management and Performance Evaluation of Square Toiletries Limited”. My internship period in STL was about three months and I have got the opportunity to learn how their day-to-day operations work and the methods they follow to keep record of their transactions. With the most updated information that I have acquired through closely looking at their activities, I successfully completed this report.

### **1.3 Objectives of the study**

#### **General Objective:**

The objective of the study is to focus on one broad issue that is “General Financial Management of Square Toiletries Limited”. This paper also covers some other factors related to the finance and accounts functions of STL and its importance which mentioned in the specific objectives below:

#### **Specific Objectives:**

- To know about the financial management of Square Toiletries Limited.
- To know about the company’s mission, vision, objectives, values and principles.
- To know about the different brands of STL.
- To have a practical idea about the operations of finance and accounts department of STL.
- To analyze the strengths and weaknesses of the financial management of STL.
- To assess the performance of STL compared to its competitor, Kohinoor Chemicals Limited, through analyzing financial ratios.

### **1.4 Scope of the study**

This internship report discusses about the current business operation of Square Toiletries Limited. A detailed description of the activities undertaken by the finance & accounts department of the company is given from the available information. Also, this project covers analysis of the financial ratios in an attempt to evaluate the financial performance of the company.

## **1.5 Methodology**

This report was prepared through a series of processes starting from selection of the topic to the completion of the report. I explained my experience as an intern in Square Toiletries Ltd. during these three months in this report. Along with it, I used the following methodology:

### **Selection of the Topic:**

My supervisor helped me to selection this topic for my report so that I can come up with an informative and well-organized internship report.

### **Sources of Data:**

#### **Primary data:**

I had several face- to-face discussions with my supervisor, executives of STL and with the General Manager regarding collection of information. Through my personal observation as an intern in STL, I got some information which I have used in this report.

#### **Secondary data:**

- Website of Square Toiletries Limited
- Annual reports of Square Toiletries Limited from the year 2010 to 2014
- Annual report of Kohinoor Chemicals Limited for the year 2014
- Informative documents provided by the company supervisors
- Online search for more topic-related information

## **1.6 Limitations of the study**

- Authentication of primary data cannot be ensured and therefore collecting it is really difficult.
- To maintain confidentiality, it is obvious that supervisors might be skeptical about sharing certain company information with the interns. Therefore, getting the exact picture is always a challenging.
- My understanding and experience about the corporate world of STL which I have explained in this report might not be accurate or sufficient and in some cases I have used my own assumptions. This is because it was my first practical experience about the corporate world of STL which was only for about three months.
- It was difficult to understand the overall general financial management system of a giant local conglomerate- Square Group in just three months.
- STL only provided their balance sheet and income statement from their audited annual report. They have not published their annual report. So it was difficult to get a comprehensive understanding of the financial position of the company as well as their market share.
- Square Toiletries Limited is not enlisted in the stock market. Therefore, for analyzing their performance through financial ratios, I could not use the "stock-market ratio".

## **Chapter- 2**

# **OVERVIEW OF SQUARE TOILETRIES LIMITED**



## **2.1 Company Profile:**

Square Toiletries Ltd. is a part of the highly renowned local conglomerate in Bangladesh- Square Group. It is one of the largest and leading FMCG company in Bangladesh with a turnover of USD 75 million. With their relentless innovation, STL is the pioneer for bringing in new products and packaging concepts in Bangladesh. They have gained the expertise and eagerness in fulfilling customers expectations with their quality product ranges through utmost sincerity. STL consider people as unique in terms of their needs, and to satisfy individual needs, they always try to maintain consistent quality of their unique products. Only for their customers, they are relentlessly striving to be "as unique as you".

Currently, STL is carrying out its production in its two fully automated plants at Rupshi and Pabna. With their high-tech production facilities, most advanced equipment, and high quality raw materials, they ensure the absolute best for their customers. STL has product specific machinery to cater to different products, formulation, and packaging and a group of well-trained people are always present to ensure smooth operations of all the machines . Imported from various foreign suppliers, the best quality raw materials are used for all STL products. Each phase of the production process undergoes rigorous testing to meet international standards, following the GMP (Good Manufacturing Practice) of production.

Square Toiletries Ltd. has a strong R&D department which is committed towards developing new products and improving existing products. The international standard products of Square Toiletries Ltd. meet the needs of Bangladeshi people as well as the people abroad. Therefore, the main objectives of R&D are –

- A deep understanding of consumers, their habits, and product needs.
- Capabilities to acquire, develop, and apply technology across STL's broad array of product categories.
- The ability to make "connections" between consumers' wants and what technology can deliver.

STL has a **vision** which says "We attempt to understand the unique needs of the consumer and translate that needs into products which satisfies them in the form of quality products, high level of service and affordable price range in a unique way."

To attain their vision, they took a strong **mission** into consideration which is given below:

- To treasure consumer understanding as one of our most valued assets and thereby exerting every effort to understand consumers' dynamic requirements to enable us in offering maximum satisfaction.
- To offer consumer products at affordable price by strictly maintaining uncompromising stance with quality. With continuous R&D and innovation we strive to make our products complying with international quality standards.
- To maintain a congenial working environment to build and develop the core asset of STL – its people. As well as to pursue for high level of employee motivation and satisfaction.
- To sincerely uphold the responsibility towards the government and society with utmost ethical standards as well as make every effort for a social order devoid of malpractices, anti-environmental behaviors, unethical and corruptive dealings.

With a vision to maintain this level of quality consistency and in a pursuit to consistently deliver quality products to their consumer, STL have also developed technical partnership with companies such as Cognis (Germany), Uniqema (Malaysia), Clariant (Germany), IFF (UK) and many more.

With their relentless effort to deliver "unique" quality products and to stay competitive in the consumers mindset, they keep on bringing several brands by using high-tech production facilities and through quality conformance. Through this effort, they are gradually becoming a high performance local as well as a global player.

## 2.2 Product offerings:

Square Toiletries Limited (STL) believes in the importance of uniqueness both at national and international level. The company is marketing 21 brands in two different segments. The segments are given below:

### 1. Health & Hygiene

| No. | Brands          | Products                                    |
|-----|-----------------|---|
| 1.  | <b>Senora</b>   | Regular, Confidence & Ultra Sanitary Napkin |
| 2.  | <b>Supermom</b> | Diaper                                      |

### 2. Toiletries.

| No. | Brands                       | Products  |
|-----|------------------------------|---|
| 1.  | <b>Jui</b>                   | Coconut Oil, Hair Care Oil                                |
| 2.  | <b>Meril Protective Care</b> | Petroleum Jelly, Chap Stick, Lip Gel, Glycerin, Olive Oil |
| 3.  | <b>Meril Baby</b>            | Lotion, Shampoo, Powder, Olive Oil, Tooth Paste           |
| 4.  | <b>Meril Splash</b>          | Beauty Soap, Belly Soap, Xtra Fresh Soap                  |
| 5.  | <b>Revive</b>                | Perfect Fairness, Perfect Freshness                       |
| 6.  | <b>Chaka</b>                 | Washing Powder, Laundry Bar, Ball Soap                    |
| 7.  | <b>Chamak</b>                | Chamak Nil  |
| 8.  | <b>Fresh Gel</b>             | Green Mint & Cool Mint Tooth Paste                        |
| 9.  | <b>White Plus</b>            | White Plus Tooth Paste                                    |
| 10. | <b>Magic</b>                 | Tooth Powder, Advance Ghamachi Powder                     |
| 11. | <b>Kool</b>                  | Shaving Foam, After Shave Gel & lotion, Body Spray        |

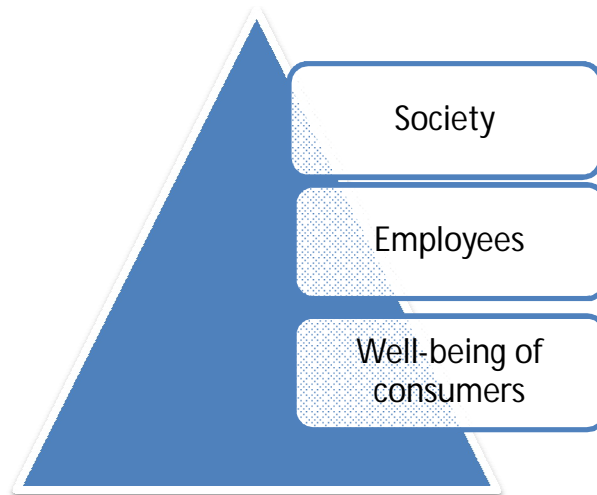
|     |                    |                                |
|-----|--------------------|--------------------------------|
| 12. | <b>Xpel</b>        | Aerosol                        |
| 13. | <b>Spring</b>      | Air freshener                  |
| 14. | <b>Sepnil</b>      | Hand Wash, Hand Sanitizer      |
| 15. | <b>Zerocal</b>     | Zerocal Tablet, Zerocal Sachet |
| 16. | <b>Select Plus</b> | Shampoo                        |
| 17. | <b>Shakti</b>      | Liquid Toilet Cleaner          |
| 18. | <b>Saaf</b>        | Dish Washing Liquid            |
| 19. | <b>Madina</b>      | Madina Attar                   |

Major Brands of the company are Jui, Chaka, Senora, Magic, Meril Protective Care & Meril Baby. Square is also exporting its finished products to 13 countries- UAE, Germany, UK, Australia, Malaysia etc.

### **Recommendation:**

Since STL always strive to bring out new products in an attempt to keep their customers happy, they can bring out "face wash" as a new item in their product list. This is because nowadays people are becoming highly beauty-conscious. Also, STL is a renowned company which makes people to have extreme trust on their products, so bringing out their own "face wash" might increase their sales revenue.

### 2.3 Values and Principles of STL:



**Figure 01: Foundation pillars of the values and principles of STL**

Square Toiletries Ltd. believes that it is their obligation to work for the welfare of society. In spite of being a commercial organization STL doesn't always opt for profit, rather it tries to be even more focused towards the fulfillment of its commitments to society and hence has an intense sense of responsibility to its customer, its people and its society as a whole. From the day to day business operation to quality policy, in every single activity of STL these core values and principals are reflected.

To achieve their vision, STL has some of their quality policies given below:

- Dedicated to make every effort to understand consumer needs to provide maximum satisfaction and to achieve market leadership.
- Strive to continuously upgrade manufacturing technology and to maintain optimum level of quality measures in conformity with the international standard – ISO 9001: 2008.
- Committed to achieve quality objective through continuous employee training and maintaining congenial working environment.

Square Group aims towards providing the best possible compensation to all the people working with the company through a package consisting of basic salary, bonus, allowances, leave salary and various retirement benefits

Apart from maintaining their quality policy to ensure healthy well-being of their consumers and employees, they have made tremendous contribution for the welfare of the society. It also embraced the society & its people with different initiatives. Besides core business functions, STL has long been taking active part in different philanthropic activities like employment generation program for vulnerable community, financial aid to disadvantaged and natural disaster affected people, helping acid victims, tree plantation, creating mass awareness on health and hygiene issues, supporting in education and various local community programs and many more.. Some of their corporate social responsibilities are:

- As a part to show great care to Bangladeshi girls through Senora; 1 million girls have been educated to enjoy a hygienic life.
- Being conscious about baby & its wellbeing, STL has introduced a service “supermom” where any mother can call at the number: 01678737666 to get expert doctor’s advice absolutely free. Under this service in the year 2012, 1 lac mothers have been communicated about the importance of breast feeding.
- Starting from 1998, every year through Meril-Prothom Alo Award, country’s largest, most prestigious and fun-filled ceremony, STL are rewarding performance in cultural area.
- On 7th April, STL brought up a campaign titled "Zerocal World Health Day Rally", to spread the information on the importance of regular exercise, apposite calorie and healthy diet intake and regular health check-up.
- To stop violence on women, this year on valentine's day, STL came out with a bold concept which says "Only the cowards hurt, be a REAL man, treat every woman with respect."

## 2.4 The formation of Square Toiletries Limited:

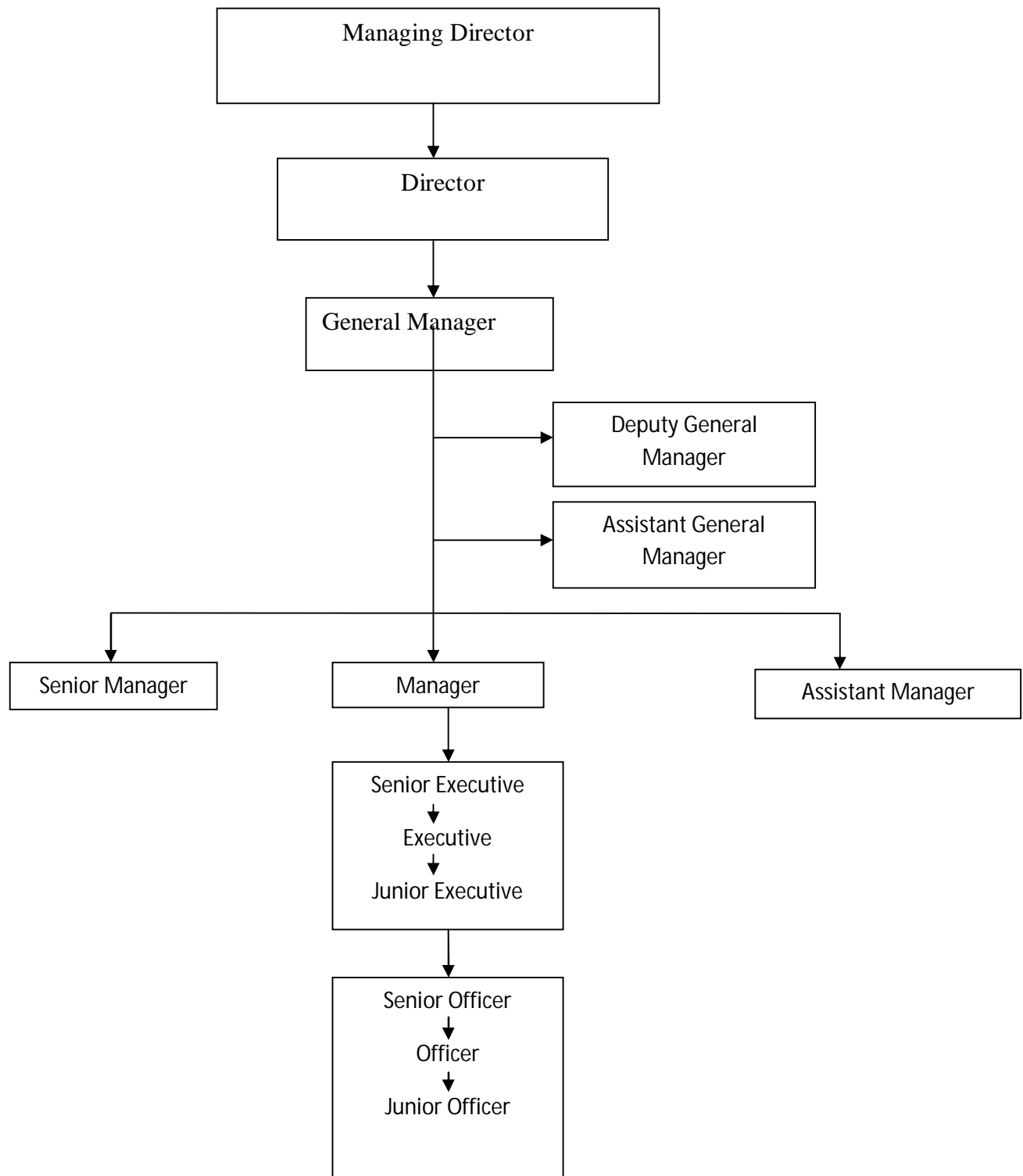
From the inception in 1958, SQUARE today symbolizes a name – a state of mind. It flourished gradually to be one of the top line conglomerates in Bangladesh. With an average Annual turnover of over US\$ 200 million and a workforce of about 3500 the SQUARE Group is a true icon of the Bangladesh business sector. The table below shows the history of the Square Group as well as the gradual formation of STL.

| Year | Activities  |
|------|---|
| 1958 | Debut of Square Pharma as a Partnership Firm.   |
| 1964 | Converted into a Private Limited Company.   |
| 1974 | Technical Collaboration with Janssen Pharmaceutical, Belgium, a subsidiary of Johnson and Johnson International, USA. |
| 1982 | Licensing Agreement signed with F. Hoffmann-La Roche Ltd., Switzerland.   |
| 1985 | Achieved first position in the Pharmaceutical Market of Bangladesh among all national and multinational companies.    |
| 1987 | Pioneer in pharmaceutical export from Bangladesh.   |
| 1988 | Debut of <i>SQUARE</i> Toiletries Ltd. as a separate division of <i>SQUARE</i> Pharma.                                |
| 1994 | Initial Public Offering of <i>SQUARE</i> Pharmaceutical Shares.   |
|      | <i>SQUARE</i> Toiletries Ltd. becomes a Private Limited Company.  |
| 1995 | Chemical Division of <i>SQUARE</i> Pharmaceuticals Ltd. starts production of pharmaceuticals bulk products (API).     |
| 1997 | Won the National Export trophy for exporting pharmaceuticals.   |
|      | Debut of <i>SQUARE</i> Textiles Ltd.  |
| 1998 | Second Unit of <i>SQUARE</i> Textile Ltd. is established.   |

|             |   |
|-------------|---|
|             | Agro-chemicals & Veterinary Products Division on <i>SQUARE</i> Pharma starts its operation.   |
| <b>2000</b> | <i>SQUARE</i> Spinning's Ltd. starts its Journey.   |
| <b>2001</b> | <i>SQUARE</i> Knit Fabrics Ltd. is established.   |
|             | <i>SQUARE</i> Fashions Ltd. starts its operation.   |
|             | US Fda/UK MCA standard new pharmaceutical factory goes into operation built under the supervision of Bovis Lend Lease, UK.  |
|             | <i>SQUARE</i> Consumer Products Ltd. Started its operation.   |
|             | <i>SQUARE Infomatix is established.</i>   |
|             | <i>SQUARE</i> Hospitals Ltd. Incorporated.  |
| <b>2003</b> | Management Agreement with Bumrungrad Hospital International of Thailand for the management of <i>SQUARE</i> Hospitals Ltd.  |
| <b>2005</b> | New State-of-the-Art Square Cephalosporins Ltd. goes into operation: built as per USFDA/ UK MHRA requirements.  |
| <b>2006</b> | Square Hospitals Ltd starts its journey.  |
| <b>2007</b> | Square Pharmaceuticals Ltd., Dhaka Unit gets the UK MHRA approval   |
| <b>2008</b> | of Square Pharmaceuticals Ltd. starts SVPO (Small Volume Parental & Ophthalmic) unit, built as per US FDA requirements, goes into operation.  |
| <b>2009</b> | Starts manufacturing of insulin maintaining quality standards of US FDA & MHRA.<br><br>Dedicated hormone & steroid products manufacturing facility complying with the current<br><br>Good Manufacturing Practice (GMP) of WHO, US FDA & UK MHRA starts operation. |



## 2.5 Organogram of Square Group:



## **Chapter- 3**

# **REASON BEHIND CHOOSING KOHINOOR CHEMICAL COMPANY LIMITED AS A COMPETITOR OF SQUARE TOILETRIES LIMITED**

Kohinoor Chemical Company Limited (KCCL) is well-known by its most popular product "Tibet". They are the pioneer amongst the soap, cosmetics and toiletries manufacturing industries of Bangladesh, producing highly value-added products. They are quality-focused.

| Products of Kohinoor Chemical Company Ltd. | Products of Square Toiletries Ltd.        |
|--|---|
| Tibet 570                                  | Chaka                                     |
| Ice Cool                                   | Meril Splash                              |
| Fair & Care                                | Meril Protective Care                     |
| AM PM                                      | White Plus; Freshgel                      |
| Bactrol                                    | Sepronil                                  |
| Fruity                                     | Meril chapstick                           |
| Clean Master liquid toilet cleaner         | Shakti Liquid Toilet Cleaner              |
| Xpert Dishwash liquid                      | Saaf                                      |
| Genstar                                    | Kool                                      |
| Heel Guard                                 | No product marketed towards cracked heels |
| Sandalina                                  | Meril Splash                              |

This is because KCCL is considered to be the direct competitor of STL. Therefore, I have chosen this company for evaluating STL's performance with one of its competitor (KCCL) for peer analysis.

From the above table, we can see that Kohinoor Chemical Company Limited (KCCL) is a direct competitor of Square Toiletries Limited (STL). This is because STL has almost all the brands that are provided by KCCL. However, the number of products that are offered by STL under each brands are much higher than the products provided by KCCL under each brands.

## **Chapter 4**

# **JOB RESPONSIBILITIES DURING INTERNSHIP AT SQUARE TOILETRIES LIMITED**

#### **4.1 My job responsibilities at Square Toiletries Limited**

I was working under the “General **Financial Management**” department of Square Toiletries Limited.

**To check whether the voucher has all the signs properly along with all the supporting details.**

STL records their daily transactions with the help of six types of vouchers. They are given below:

**Cash Payment Voucher (CPV):** When company pays cash to their suppliers

**Cash Received Voucher (CRV):** When company receives cash from sales

**Bank Received Voucher (BRV):** Total deposits bank receives

**Journal Voucher (JV):** All other transactions are recorded except cash and bank transactions. All the receivables, payable and sales entry are recorded in this voucher. For example, when STL buys packaging materials from their suppliers, they mostly buy it on credit and therefore are payable to the suppliers. This is recorded as an accounts payable entry. Also, when STL make sales, they usually give a period of 10 days for collection of money. From this transaction, accounts receivable is recorded

**Cheque Payment Voucher (CPV):** When company pays outside party through cheque/ pay order/demand draft.

All these above vouchers has to go through four hands such as prepared by, checked by, recommended by and approved by. I had to check whether each and every vouchers had supporting details with them.

**Product-wise man-hour and machine-hour consumption:**

I had to check whether the manpower and the man-hour was properly utilized for the year 2014. This was done by comparing the results with an assumed standard man-hour and man-power given for every month of a year.

Manpower is basically of three types who worked for one of the three shifts. Each shifts was of eight hour.

**Permanent:** Workers who gets monthly fixed payments

**Daily:** Workers would get paid on a daily basis which was around 200-250 taka.

**Rated:** A team of 5 to 10 workers were given a contract to produce 1 lakh piece of Meril lipgel. Based on how many they can produce each day, a rate was set on how much they should be paid.

**To check whether the Total Allowance/Daily Allowance bills for the month January and February, 2014 matches with the TA/DA policy.**

STL has field force who are responsible for promoting STL products in retail outlets both in Dhaka and outside of Dhaka in order to increase their sales. As a result, STL provides daily allowance to their field force for travelling and also for other expenses they need while travelling. To check whether they are using the allowance effectively and using the right amount, we have to match their expenditure with the policy where a fixed amount of expenditure is given for each field force. Any extra expenditure they do, they will have to bring a bill copy for that in order to get the money back. At the end of the every month, a bill summary is prepared where the monthly bills of each field force is given. The bills they have given is then matched with the policies and also it is checked that whether supporting details are provided for “Hotel bills” or “Other bills”.

**Distribution-wise cost:**

SFBL uses rented vehicles for emergency cases as well as their own vehicles for distribution purposes and that is how their sales are executed. During distribution, STL incurs huge costs among which distribution cost is major. To control their distribution costs, I had to find the percentage of distribution costs among all the costs such as fuel cost, bridge toll, salary and

other expenses. Then, I had to sort out which vehicle is more costly in terms of maintenance and distribution. A standard distribution cost of 2% is held for comparing the distribution cost for each vehicles. Therefore, the costly ones would not be used further or it might go through maintenance for increasing its efficiency.

**Audit:**

The winter gift promotional program is usually held for a short period starting from 15th October to 22<sup>nd</sup> December of every year. This is a gift distributing program which has slabs of ten different amounts such as 15,000, 30,000, 40,000, 60,000, 75,000, 1, 00,000, 1, 50,000, 2, 25,000, 2, 75,000, and 4, 00,000. Only retailers are entitled to this program. The retailers need to purchase goods from the distributors of STL if they contract for a particular slab, they have to make a purchase a minimum of that amount or more within that specific period (15th October to 22<sup>nd</sup> December of every year). Based on this, retailers are awarded upon their contribution of winter gift promotional campaign. I had to check the invoice of those retailers to see whether their total amount of sales fall under their contracted slabs and also if it falls within October to 22<sup>nd</sup> December of every year.

## **4.2 Critical Observation:**

### **Accrual-basis accounting:**

Square Toiletries Limited follows the accrual-basis accounting which only considers an event of expense or an event when sales has occurred. It does not consider whether cash payment is done or not. STL make sales and sometimes make purchases on credit. For this reason, they have the terms such as accounts payable and accounts receivable on their balance sheet. However, getting the accuracy of the pending issues (Accounts Payable and Accounts Receivables) for a particular period can be really difficult. If STL does not get all the bills at the end of a specific period, they will have to close their accounts for that particular period. For example, if STL made a sales on credit on November 30, 2014 and does not get paid until January 10, 2015, the income would be recorded in their books in November 2014. They then have to close their account for the year 2014. This amount will give an estimate measure of their sales and purchases for that particular period. Let me explain this method with an example. Suppose STL purchased a new machinery on credit in May and paid Tk.100000 for it in July, two months later. Under the accrual method, the Tk. 100000 payment would be recorded in May, when STL take the machinery and become obligated to pay for it.

STL could have gone for cash-basis accounting where the terms such as accounts payable and accounts receivables would not have existed on their balance sheet. This means that an expense would have been recorded only after an expense has occurred. Also, collection of money would have been recorded only after money has been received from the suppliers. However this method is no longer used in any of the organizations and this method is getting obsolete.

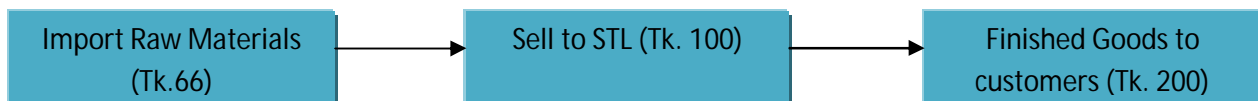
### **Tax Deducted at Source:**

STL makes sure that each and every of their suppliers give tax because tax is an income for the government. When suppliers are making sales to STL, STL purchases it by giving payment to the suppliers which is an income for the suppliers. Government said STL to cut tax on the income level of their suppliers and the percentage of tax to be deducted is decided by the government. Thus, on behalf of their suppliers, STL deducts tax on suppliers' income and deposit



it to the government treasury (Sonali Bank, Bangladesh Bank) on the suppliers' name and will deliver the chalan copy to their suppliers. Here, STL acts as the collecting authority. At the end of the year, when the supplier will calculate his annual income, a tax liability will be created on his income. He will pay tax only the amount that will be remaining after the tax liability on his income have been deducted from the tax that has been deducted by STL from the suppliers income. However, STL can only deduct tax on the suppliers income only if they supply a minimum of TK. 200001 raw materials.

### VAT Deducted a Source:



VAT (Value Added Tax) is deducted at every source starting from suppliers, producers and ultimate customers. Here is an example, how the VAT is actually deducted.

Procurement officers (**primary source**) pay VAT while importing raw materials. Suppose they imported raw materials with Tk. 66 and a VAT of 15% is charged on it. Therefore, a VAT of  $(66 \times 15\% = \text{Tk.}10)$  is deducted from their income and is deposited to the government treasury. Again, when they are selling these raw materials to STL for production (**intermediate source**), they are charging Tk.100 to make profit. Again, they will charge a 15% VAT on it and STL has to pay VAT of  $(100 \times 15\% = \text{Tk.}15)$ . Procurement officers will deduct Tk.10 from the VAT amount paid by suppliers and will deposit Tk.5 to the government treasury. They do this because procurement officers already paid a VAT of Tk.10. Again, when STL is selling the finished products to their customers, they are charging Tk.200 and will charge 15% VAT on it. In that case, customers will give a VAT of  $(200 \times 15\% = \text{Tk.} 30)$ . STL will deduct tk. 15 from the VAT given by the customers and will deposit TK. 15 to the government treasury. STL deducts TK. 15 from the customers because they have already paid and amount of Tk. 15 as VAT. Therefore, total VAT deposited to the government is =  $\text{TK.}5 + \text{Tk.}10 + \text{Tk.}15 = \text{Tk.} 30$ .

#### **4.3 Recommendation:**

##### **Flexible management is a problem:**

Since STL is a huge organization, total management is extremely flexible. This causes indiscipline and inefficiency which may eventually have a detrimental impact on the organization. During my internship period, my computer was not functioning properly for two weeks. I complained it to the authority but there was no immediate response. They tried their best to fix it earlier but probably it got tied up in bureaucracy. Therefore, the management should be more strict for the betterment of the company.

##### **Purchase of more distribution vehicles:**

STL should buy some transporting vehicles to minimize their distribution expenses. Although Square Toiletries Company has transporting vehicles but they are not enough. Most often they rely on hire vehicles. That is really very expensive for the company. So if this company can increase their vehicles, they can reduce expense in the long run.

##### **Problems with Auditing:**

Retailers are so much eager to fall in the slabs of the winter program campaign that sometimes they do a lot of overwriting in their sales invoice to be enlisted for the attractive gifts of the winter gift promotional program. Sometimes the auditors fail to identify these culprits and therefore have to give them expensive gifts. This is a huge expense for the company which needs to be addressed by carefully monitoring the audit process, in other words, invoice which has a lot of overwriting on it should be rejected.

## **Chapter-5**

### **SWOT AND TWOS ANALYSIS**

## 5.1 SWOT Analysis

### Strengths:

#### **1. Recognized as a renowned local Company:**

STL is a part of the well-known local conglomerate- Square Group with its presence nationwide. It has a local footprint combined with top of the mind brand recall among consumers worldwide.

#### **2. Strong brand portfolio:**

It has a deep and broad portfolio of brands and a diversified product range, which makes it uniquely, positioned to the top among consumer preferences across the country.

#### **3. Borrowing from sister concern:**

Square Group is known to be the largest local conglomerate in Bangladesh. Each business unit can borrow money from their sister concern. This in turn reduces the risk of bankruptcy which would have occurred if the business units borrowed money from the banks.

#### **4. Strong relationship with retailers:**

STL has established a very strong relationship with retailers by offering them good margins and incentives, which is very important for a company to stay competitive in the consumer market. This provides STL with a strength to reach the ultimate consumers. For example, every year, Square Toiletries Limited arranges an event "Jeteo Paren, Peteo Paren" where retailers are awarded upon their contribution of winter gift promotional campaign which runs from October 15th to December 22nd of every year. This way they maintain good relationship with customers.

**5. Economies of scale:**

Economies of scale occur when increased output leads to lower long run average costs. Because of STL's mass scale production, it has ability to overcome the bargaining power of suppliers which results in lower cost of production.

**6. Research and development:**

STL is an innovative company and investing a huge sum on research and development of new products and brands. STL has product specific machinery to cater to different products, formulation, and packaging. It undergoes rigorous testing to meet international standards, following the GMP (Good Manufacturing Practice) of production. Because of this ability STL has created high entry barriers for new entrants.

### **Weaknesses:**

#### **1. Huge Competition and substitutes:**

The biggest weakness that STL faces is that it operates in a competitive market where other companies like Kohinoor Chemicals, ACI and Unilever are present and therefore poses a challenge in its dominance at every turn and tremendously try to raise their portion in the FMCG (Fast Moving Consumer Goods) space. Because of this huge competition, the products of STL can be easily replaced with substitutes.

#### **2. No direct connecting with customers:**

Because of nature of business, STL has no direct connection to its ultimate consumers. It has to rely on its wholesalers and retailers. If they have a bad relationship with their retailers, retailers may not encourage the ultimate consumers to buy STL products. This would eventually hurt their sales.

#### **3. Inefficient organizational management:**

Since Square Group is a big local conglomerate, their management process is extremely flexible. A lot of bureaucracy therefore arises which creates a huge problem in the organization.

## **Opportunities**

### **1. Economic Crisis:**

Due to political instability, many small companies with liquidity problems had to find way for exit. This has created opportunities for STL because they were able to get their market share through their efficient distribution methods and hence get more customer base.

### **2. Increasing need for healthy products:**

Consumers are more aware today and prefer healthy products, so it is a good opportunity for STL to introduce more healthy and safe products under its product segment "Health and Hygiene" to increase its market share and knock out its competitors.

### **3. Major profitable brands:**

Some of the major brands of STL are Jui, Chaka, Senora, Magic and Meril Protective Care which derives the maximum sales. These brands should be in the priority area for creation of future sales growth and sustaining profits from increasing raw material costs.

### **4. Increase in Exports:**

Already STL is exporting to 13 countries including Germany, UK, Australia, Malaysia, UAE, etc. They are successful in it because Square Toiletries Limited (STL) is an ISO 9001: 2000 certified company. Therefore, with this quality standard they are trusted by the foreign people and therefore in future they can increase their exports in order to earn more sales revenue.

### **Threats:**

#### **1. Strong Competition:**

There are other multinational organizations like Unilever who are also capturing a major portion of market share. These competitors always try to give tough time to STL and try to create high entry barriers to new and emerging markets.

#### **2. Tougher Business Climate:**

With increasing economic crisis, strong government regulations and competitive environment, business environment is getting tougher. It has led the companies to focus more their liquidity instead of profitability.

#### **3. Complex Organizational Structure:**

Square Group has more than 20 group companies, one of them is STL. STL alone has two factories for its production processes. All this has made the structure of Square Group extremely complex. A wrong corporate strategy can be a major cause of business failure.



## **5.2 TWOS Analysis:**

### **Strategies that use strengths to maximize opportunities:**

#### **(Strength 01- Opportunity 02)**

Since STL is a renowned company, their products are mostly considered to be among the top preferences in the consumer's mindset. With this strength, they can maximize their opportunity of bringing out more safe and healthy products as people are becoming more health and beauty conscious. This is because people are more likely to buy their new products as they trust STL products. Therefore, there is a high chance of increasing their sales revenue.

#### **(Strength 04- Opportunity 03)**

STL has established a very strong relationship with retailers by offering them good margins and incentives, which is very important for a company to capture the consumer market. Because retailers are the ones who comes in direct contact with the customers, STL can maximize their opportunity by encouraging retailers to sell more of their profitable brands to customers. This would eventually increase their future sales growth.

### **Strategies that use strengths to minimize threats:**

#### **(Strength 03- Threat 02)**

Square Group has more than 20 sister concern operating under this group. Each business unit can borrow money from their sister concern. This in turn reduces the risk of bankruptcy and hence ensures liquidity of cash. With this strength, they can minimize the threat of making the business environment more sustainable for them so that they do not have to exit. For this reason, they need more liquidity than profitability to stay in this business. They can borrow from their sister concern without less obligations than they would have to face when borrowing from banks.

**Strategies that minimize weaknesses by taking advantage of opportunities:**

**(Weakness 01- Opportunity 04)**

STL is successfully exporting to 13 countries including Germany, UK, Australia, Malaysia, UAE, and many more because Square Toiletries Limited (STL) is an ISO 9001: 2000 certified company which indicates that they maintain strict quality measure. By taking advantage of this opportunity, they can find an alternative to lessen the impact of the risk of facing huge competition in the local market. They can increase their exports to more foreign countries where they can get a huge market base. Therefore, this would help to increase their sales which might not have recovered with their sales in the local market.

**Strategies that minimize weaknesses and avoid threats:**

**(Weakness 03- Threat 03)**

Since Square Group is a big local conglomerate with more than 20 group companies operating under it, it faces bureaucracy in their management process. To minimize this weakness in order to avoid upcoming threats, their corporate strategy needs to be strengthened to make sure each business units are efficiently monitored and hence the chance of business failure would reduce.

## **Chapter 6**

### **Performance evaluation of Square Toiletries Limited**

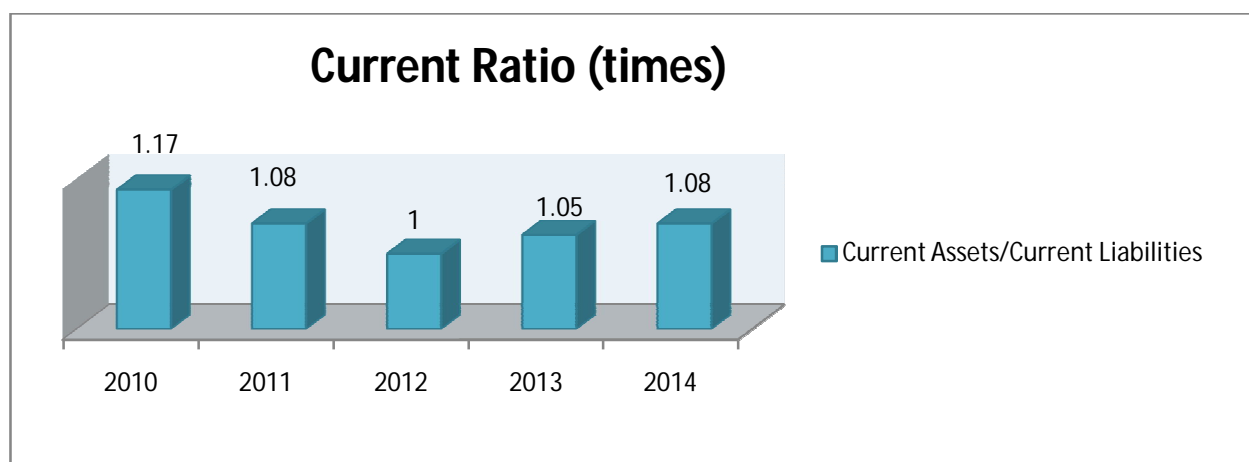
## 6.1 Liquidity Ratios:

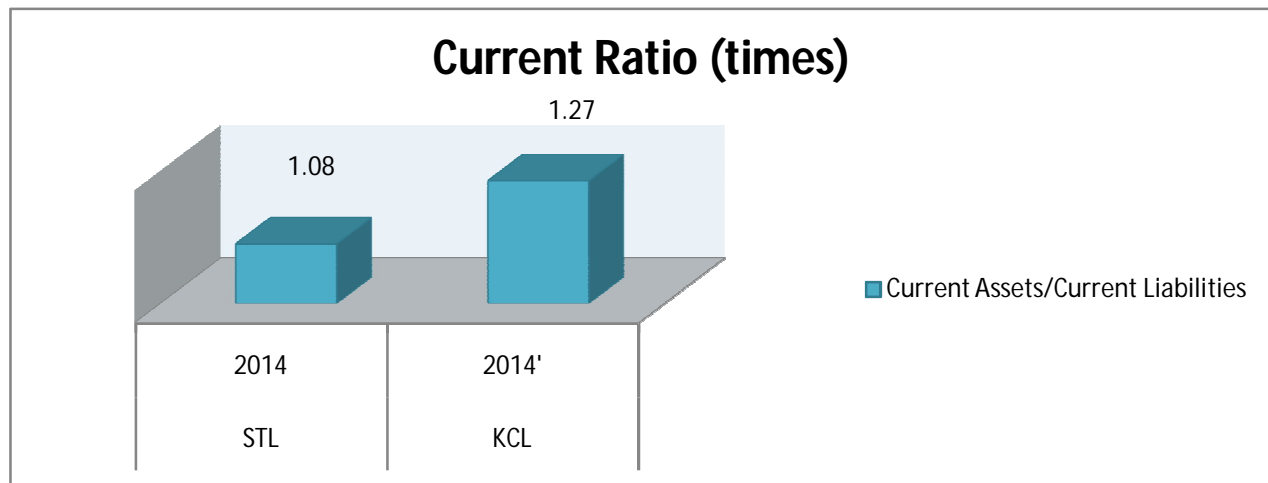
|                                  | Formula  | '10      | '11      | '12      | '13      | '14      | '14<br>(KCCL) |
|----------------------------------|--|----------|----------|----------|----------|----------|---------------|
| <b>Current Ratio<br/>(times)</b> | Current Assets/Current Liabilities             | 1.1<br>7 | 1.0<br>8 | 1        | 1.0<br>5 | 1.0<br>8 | 1.27          |
| <b>Quick Ratio<br/>(times)</b>   | Current Assets-Inventories/Current Liabilities | 0.9<br>5 | 0.3<br>4 | 0.2<br>9 | 0.4<br>5 | 0.4<br>3 | 0.42          |

### Interpretation:

#### Current Ratio:

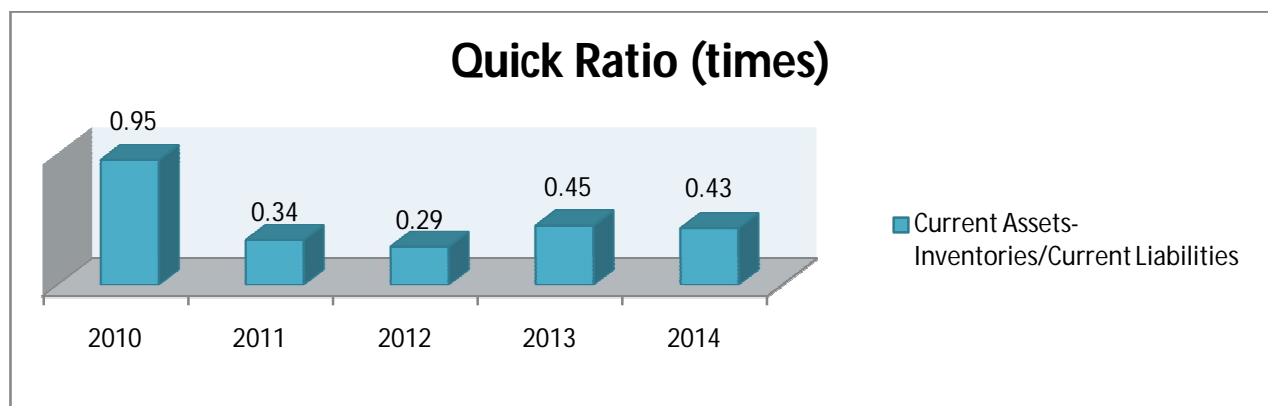
**Current ratio** (also known as **working capital ratio**) measures the short-term solvency (debt paying ability when they become due) position of a business. The higher the current ratio is, the more capable the company is to pay its obligations if a large portion of its current assets consists of highly liquid assets. From the table above, it is seen that in 2014, STL's current assets were 1.08 times higher than its current liabilities. The graph of current ratio also shows an decreasing trend over the years except the last two years. Compared to Kohinoor Chemical Company Limited (KCCL). STL is below KCL and therefore we can interpret that STL has an unfavorable current ratio.

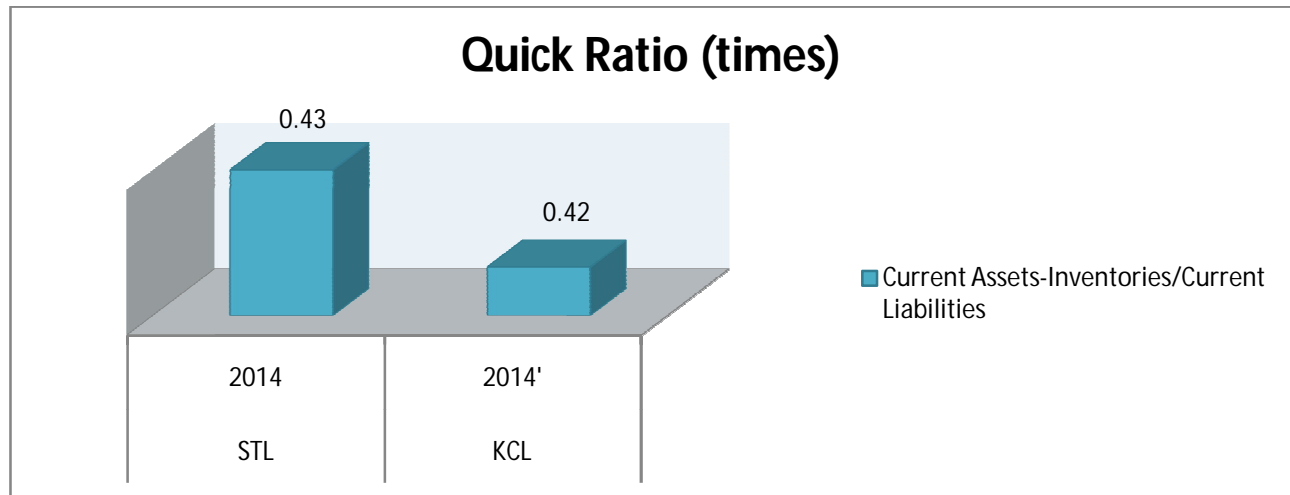




#### Quick Ratio:

The quick ratio measures a company's ability to meet its short-term obligations with its most liquid assets (ready sources of immediate cash). For this reason, the ratio excludes inventories from current assets. The higher the quick ratio, the better the company's liquidity position. Higher quick ratio is needed when the company has difficulty borrowing on short-term bank loans. From the table above, it is seen that in 2014, STL has Tk. 0.43 of liquid assets to cover each Tk.1 of current liabilities. The graph of quick ratio also shows a fluctuating trend over the years. Compared to KCL, STL is slightly above KCL and therefore we can interpret that STL has a favorable quick ratio.





## 6.2 Asset Management Ratio:

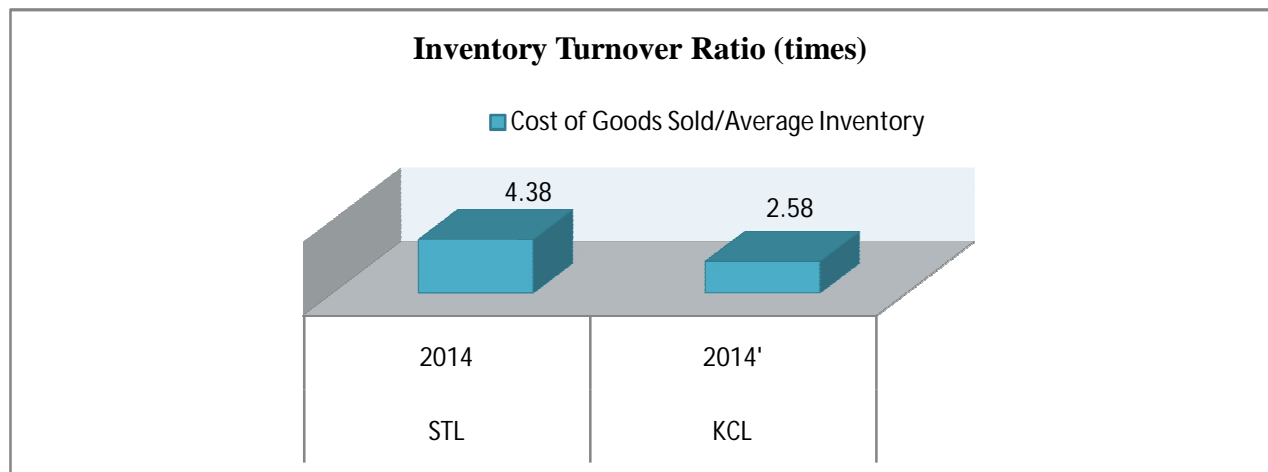
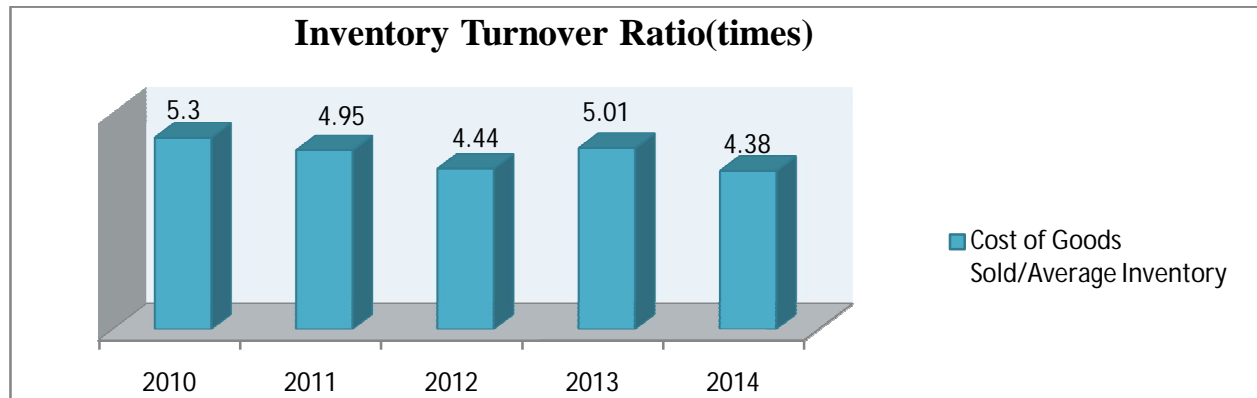
|   | Formula                                 | 10    | 11   | 12   | 13   | 14    | '14 (KCCL) |
|---|---|-------|------|------|------|-------|------------|
| <b>Inventory Turnover Ratio (times)</b>   | Cost of Goods Sold/Average Inventory    | 5.3   | 4.95 | 4.44 | 5.01 | 4.38  | 2.58       |
| <b>Total Asset Turnover Ratio (times)</b> | Net Sales/ Total Assets                 | 2.58  | 2.61 | 2.52 | 2.59 | 1.93  | 1.7        |
| <b>Average Collection Period (days)</b>   | Accounts Receivables/(Annual Sales/365) | 9.32  | 7.15 | 6.1  | 20.4 | 17.82 | 1.03       |
| <b>Average Payment Period (days)</b>      | 365/(COGS/Accounts Payable)             | 29.98 | 37.4 | 23.5 | 15.9 | 21.33 | 85.5       |

### Interpretation:

#### **Inventory Turnover Ratio:**

The inventory turnover ratio is an efficiency ratio that shows how effectively inventory is managed by comparing cost of goods sold with average inventory for a period. This measures how many times average inventory is "turned" or sold during a period. A higher inventory turnover shows that the company can effectively sell the inventory it buys and does not wastes resources by storing non-salable inventory and therefore ensures better liquidity. From the table above, it is seen that in 2014, STL's inventory turnover was 4 times in that particular year. The

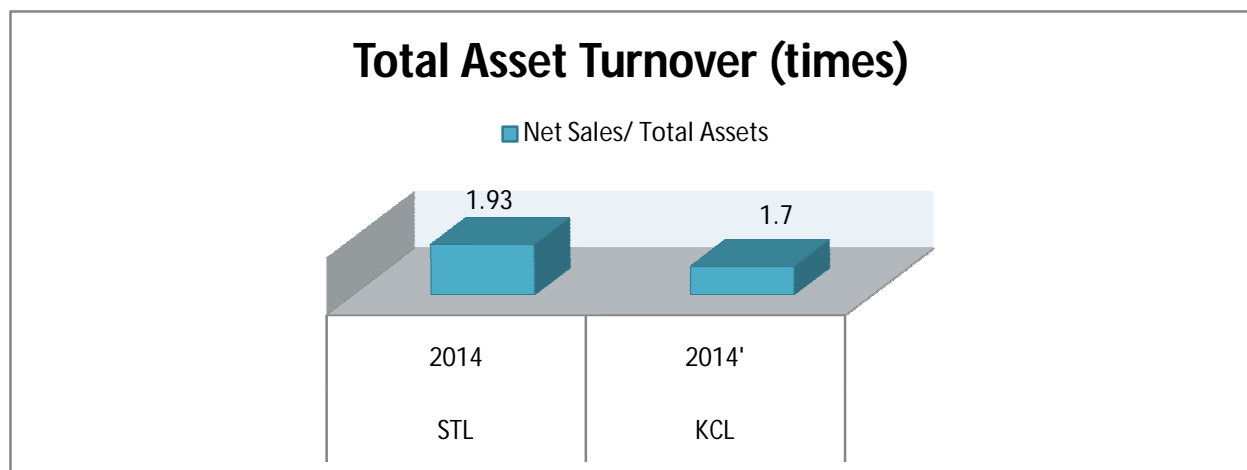
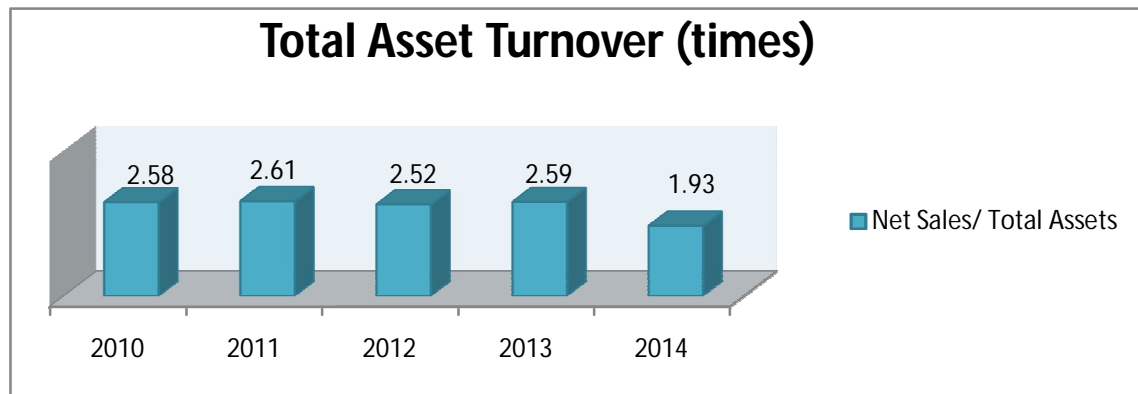
graph also shows a fluctuating trend of inventory turnover over the years. Compared to KCL, STL's inventory turnover is higher than that of KCL. Therefore, STL has a favorable inventory turnover ratio.



### Total Asset Turnover Ratio:

It measures how efficiently a firm uses its assets to generate sales. Higher turnover ratios is always favorable because it means the company is using its assets more efficiently and is generating more revenues per dollar of assets. From the table above, it is seen that in 2014, total asset turnover ratio is 1.93 which means each taka of STL's assets generate Tk. 193 of sales. The graph also shows a decreasing trend of total asset turnover over the years. Compared to KCL,

STL is above KCL and therefore we can interpret that STL has a satisfactory total asset turnover ratio.

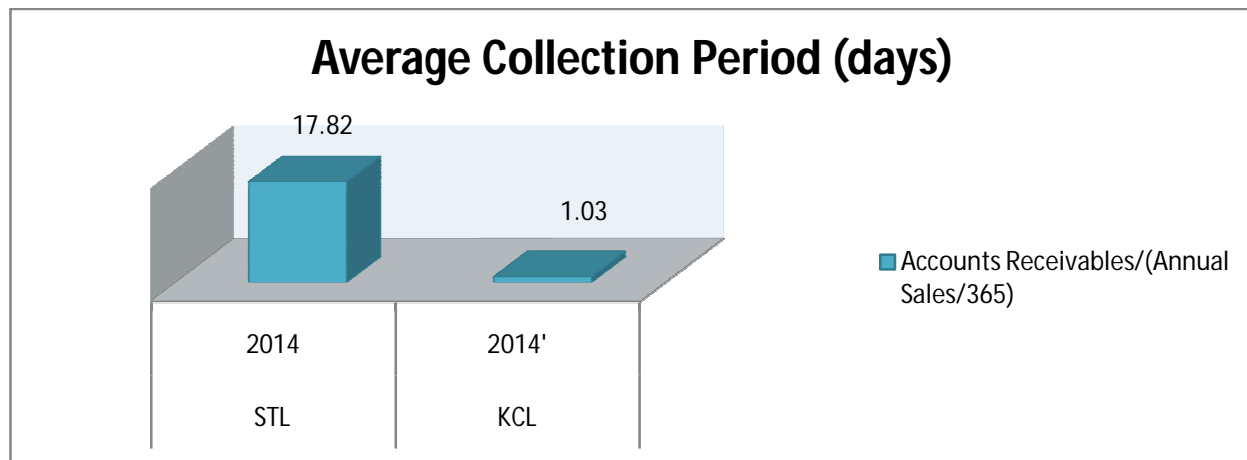
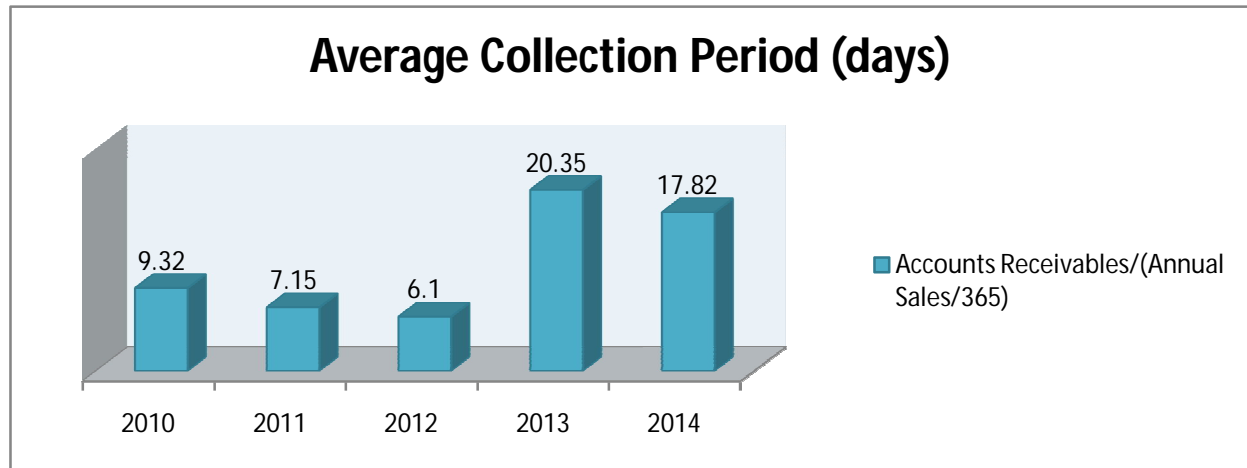


#### Average Collection Period:

Average collection period measures the average number of days that accounts receivable are outstanding. This activity ratio should be the same or lower than the company's credit terms. A short collection period means prompt collection and better management of receivables. From the table above, it is seen that in 2014, STL's ACP is 17 days. The graph also shows a fluctuating trend of the average collection period over the years. Compared to KCL, STL's ACP is



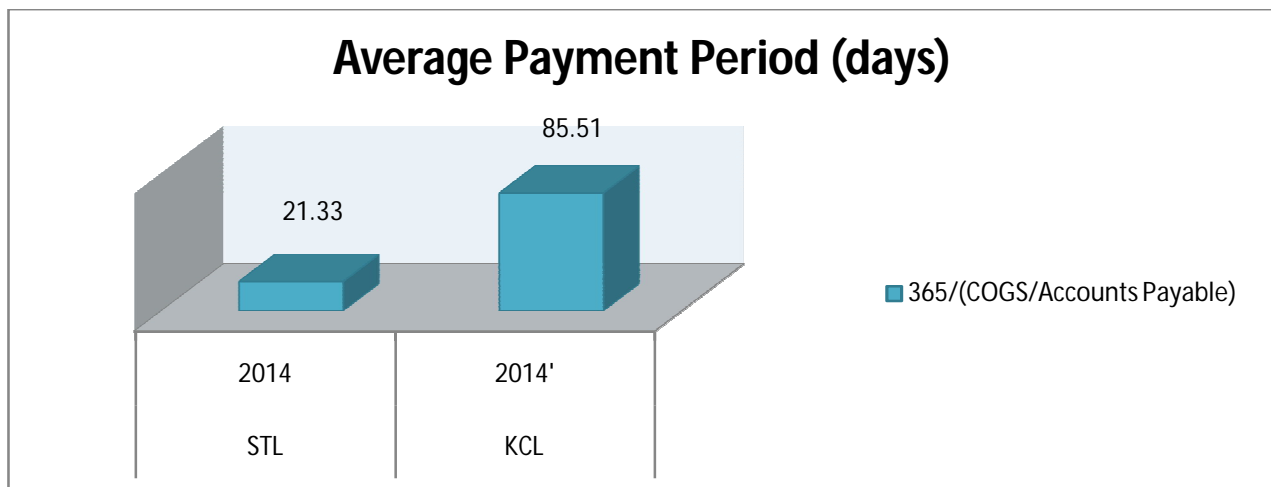
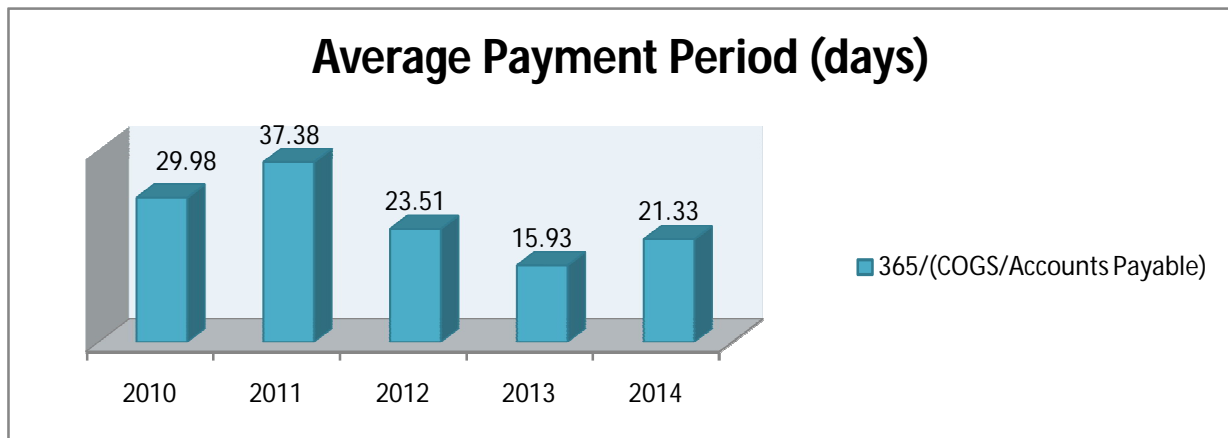
significantly higher than that of KCL. Therefore, STL has an unfavorable average collection period.



### Average Payment Period:

Average payment period means the average period taken by the company in making payments to its creditors. A shorter payment period indicates prompt payments to creditors.. But a very short payment period may be an indication that the company is not taking full advantage of the credit terms allowed by suppliers. From the table above, it is seen that in 2014, STL's APP is 21 days. The graph also shows a fluctuating trend of the average payment period over the years.

Compared to KCL, STL's APP is significantly below than that of KCL. Therefore, STL has an favorable average payment period.



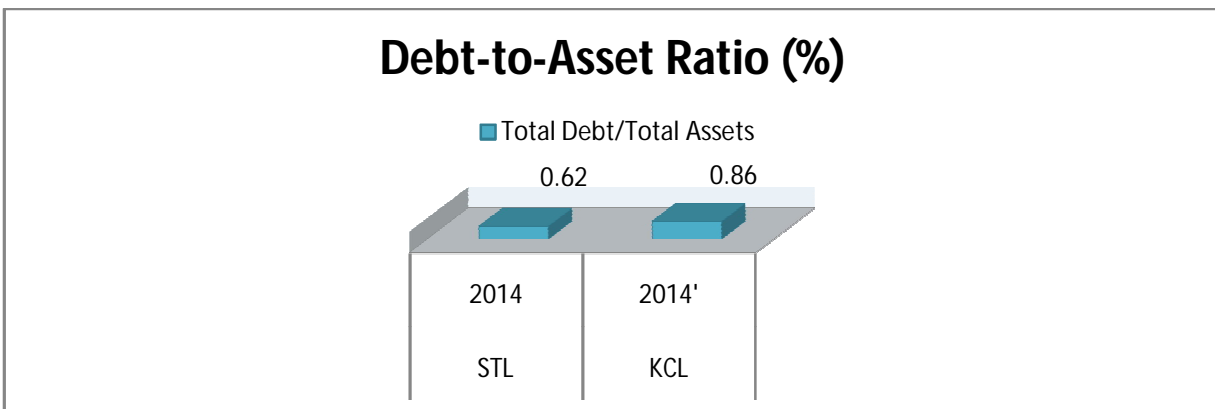
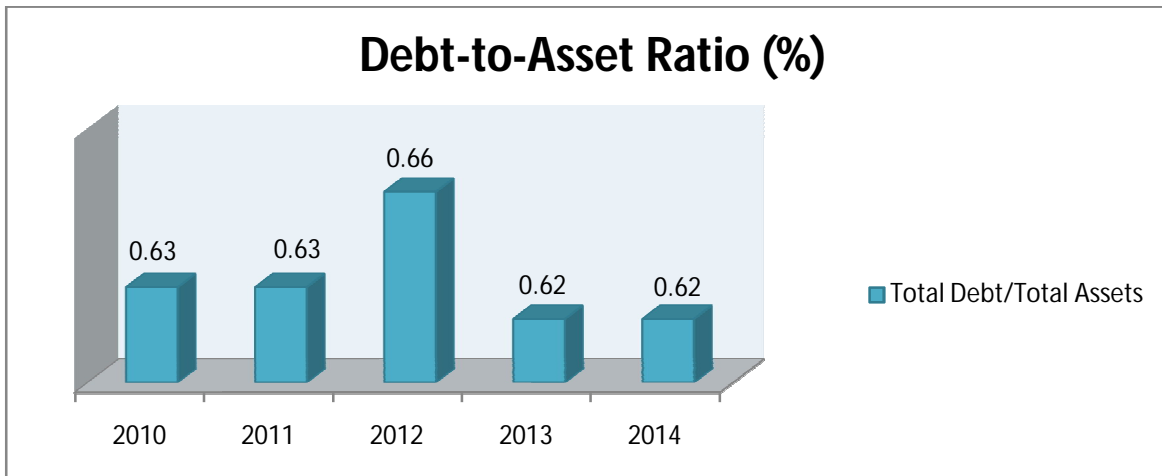
### 6.3 Debts-to-Management Ratio:

|                               | Formula  | 10   | 11   | 12   | 13   | 14   | '14 |
|-------------------------------|--|------|------|------|------|------|-----|
| Debt-to-Asset Ratio (%)       | Total Debt/Total Assets                              | 0.63 | 0.63 | 0.66 | 0.62 | 0.62 | 0.9 |
| Times Interest Earned (times) | Earnings Before Interest and Taxes/Interest Expenses | 3.16 | 6.59 | 8.63 | 28.4 | 69.8 | 3.4 |

#### Interpretation:

##### **Debt-to-Asset Ratio:**

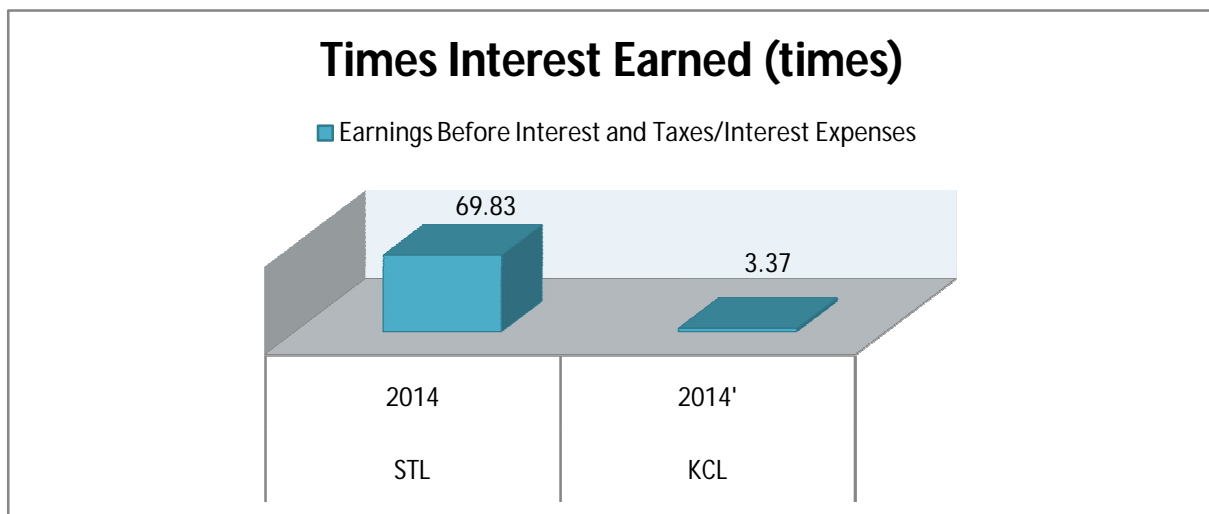
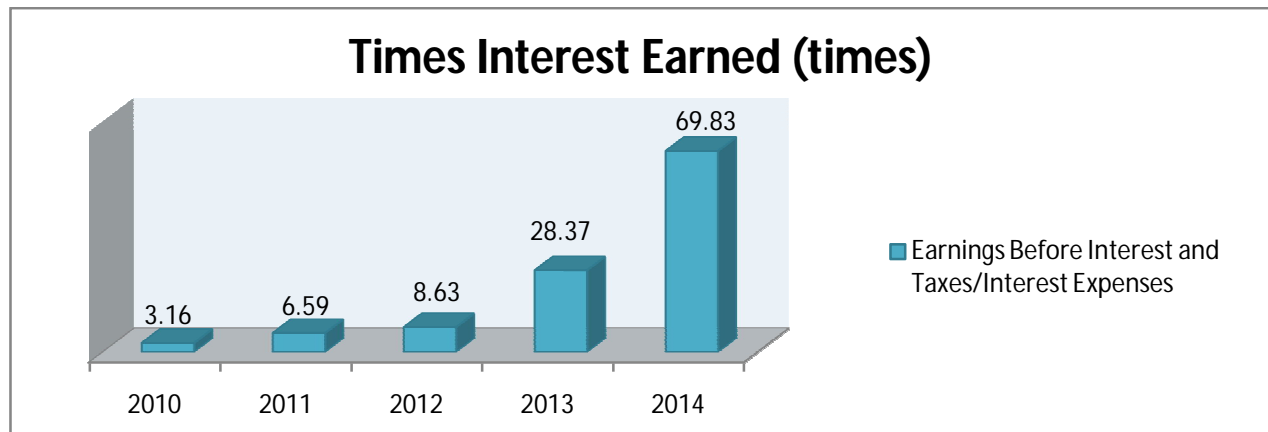
The debt to assets ratio indicates the proportion of a company's assets that are being financed with debt, rather than equity. The ratio is used to determine the financial risk of a business. A ratio greater than 1 shows that a considerable proportion of assets are being funded with debt while a low ratio indicates that the bulk of asset funding is coming from equity. From the table above, it is seen that in 2014, 62% of STL's assets have been financed by debt and therefore are said to be highly leveraged and hence higher degree of financial risk. The graph also shows an increasing trend of debt-to-asset ratio over the years except the last two years which shows a constant trend. Compared to KCL, STL's debt-to-asset ratio is lower than KCL. Hence, STL has an unsatisfactory debt-to-asset ratio.



#### Times Interest Earned:

The times interest earned ratio, sometimes called the interest coverage ratio, indicates how many times a company could make debt and interest service payments with its before tax income in the future, so obviously the larger ratios are considered more favorable than smaller ratios and indicates less credit risk. From the table above, it is seen that in 2014, STL's income is 69.83 times higher than its interest expense for the year and therefore shows that the company can afford to pay its interest payments when they come due. The graph also shows an increasing trend of times interest earned ratio over the last five years. Compared to KCL, STL's times

interest earned ratio is significantly higher than KCL. Therefore, STL has a favorable times interest earned ratio.



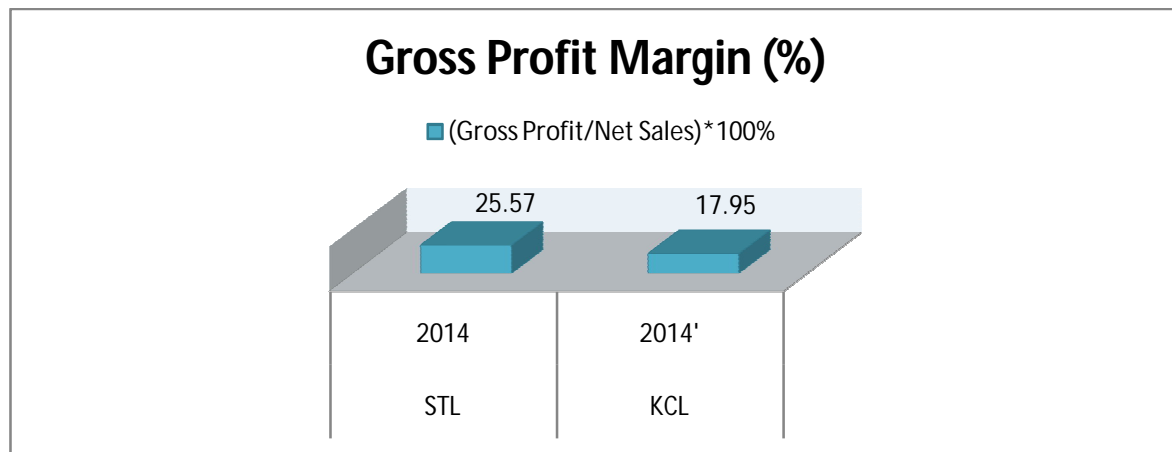
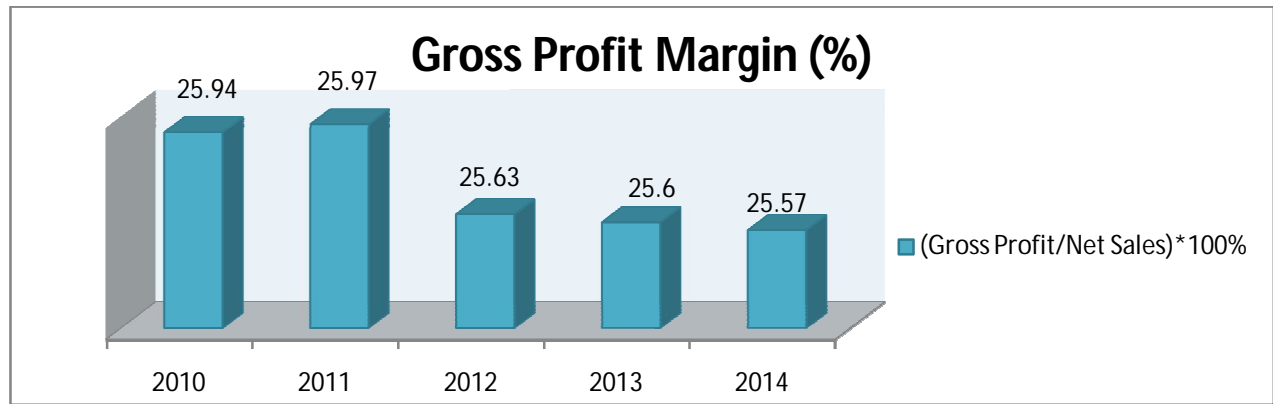
## 6.4 Profitability Ratio:

|                             | Formula  | 10   | 11   | 12   | 13   | 14   | '14 |
|-----------------------------|--|------|------|------|------|------|-----|
| Gross Profit Margin (%)     | $(\text{Gross Profit}/\text{Net Sales}) \times 100\%$                      | 25.9 | 26   | 25.6 | 25.6 | 25.6 | 18  |
| Operating Profit Margin (%) | $\text{Earnings Before Interest and Taxes}/\text{Sales Revenue}$           | 3.07 | 3.38 | 3.39 | 6.22 | 8.66 | 7.4 |
| Net Profit Margin (%)       | $(\text{Net Profit after Taxes}/\text{Net sales}) \times 100\%$            | 1.35 | 1.7  | 1.74 | 4.27 | 6.33 | 3.6 |
| Return on Assets (%)        | $(\text{Net Profit after Taxes}/\text{Total assets}) \times 100\%$         | 3.48 | 4.43 | 4.39 | 11.1 | 12.2 | 6.1 |
| Return on Equity (%)        | $(\text{Net Profit after Taxes}/\text{Shareholder's Equity}) \times 100\%$ | 9.42 | 12.1 | 12.7 | 29.2 | 32.3 | 45  |

### Interpretation:

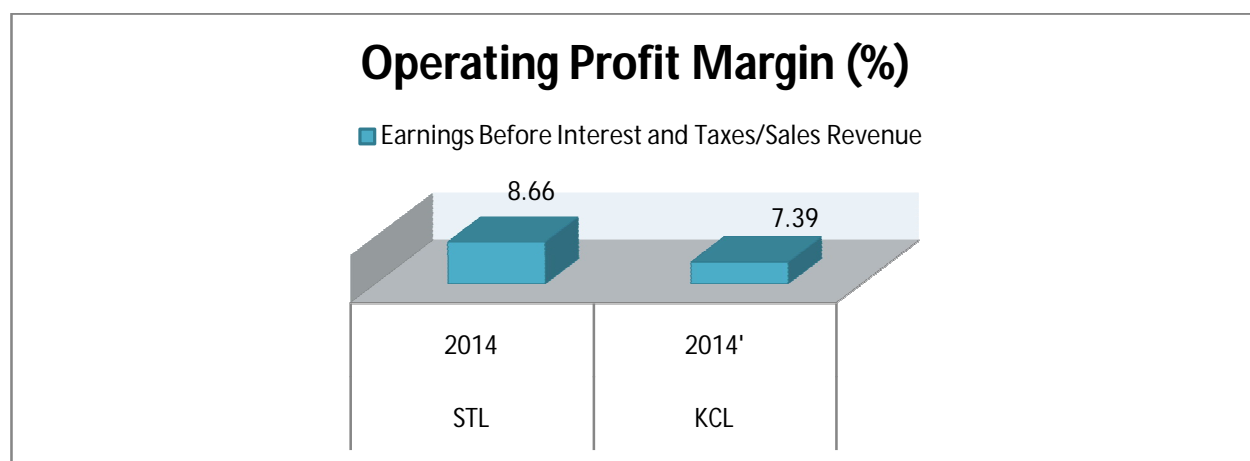
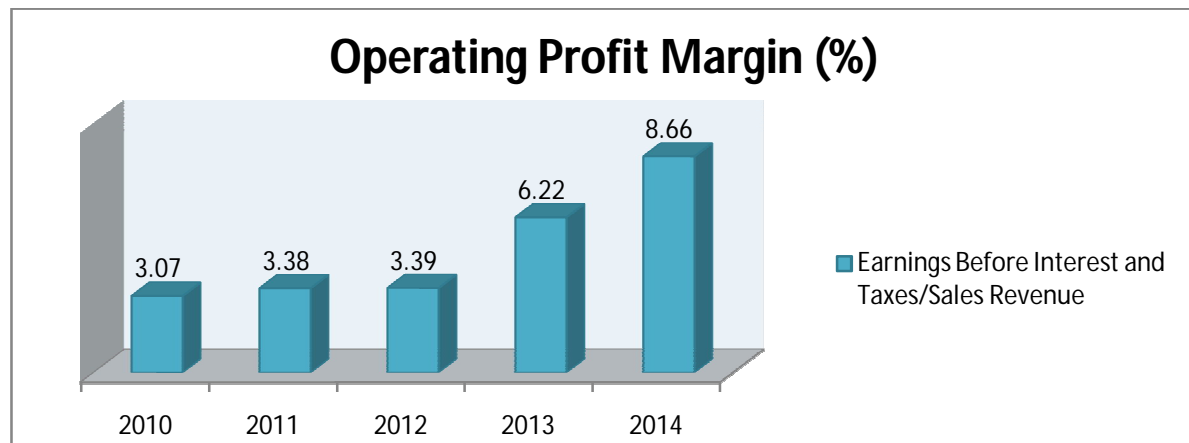
#### **Gross Profit Margin:**

Gross profit margin measures company's manufacturing and distribution efficiency during the production process in terms of selling its inventory or merchandise. This is the pure profit from the sale of inventory that can go to paying operating expenses. The higher the gross margin, the higher the ability of the company to pay its operating and other expenses and build for the future. From the table above, we can see that in 2014, STL's gross profit margin was 25.57%. This means that after STL pays off its inventory costs, it still has 25.57 percent of its sales revenue to cover its operating costs. The graph also shows a decreasing trend of gross profit margin over the years. Compared to KCL, STL's gross profit margin is above than that of KCL. Therefore, STL has a favorable gross profit margin.



### Operating Profit Margin:

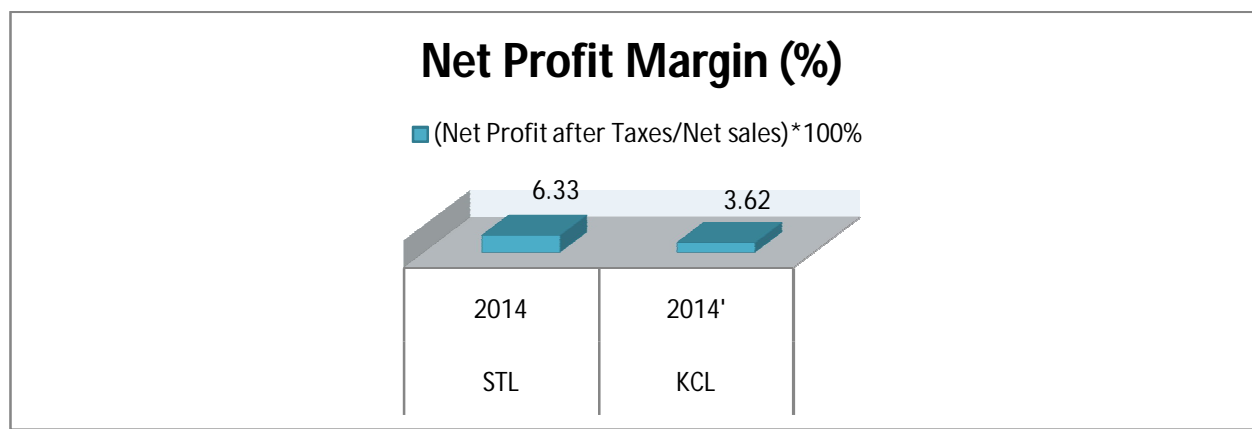
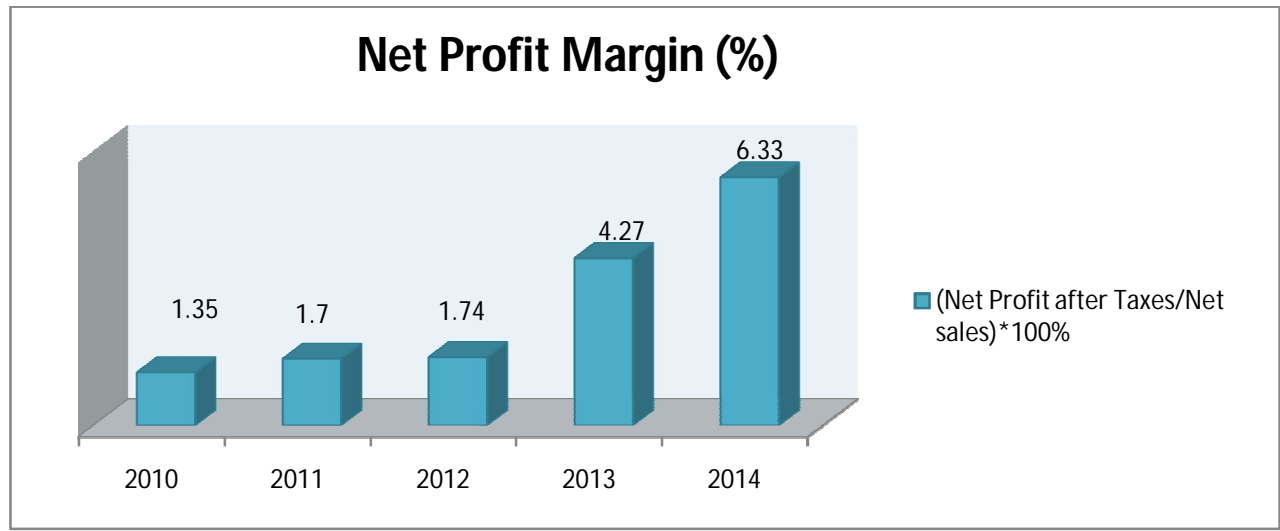
The operating margin ratio demonstrates how much revenues are left over after all the variable or operating costs have been paid. Conversely, this ratio shows what proportion of revenues is available to cover taxes and other non-operating costs like interest expense. A higher operating margin is more favorable because this shows that the company is making enough money from its ongoing operations to pay for its variable costs as well as its fixed costs. From the table above, it is seen that in 2014, STL's operating margin ratio is 0.0866 which means sales is generating 8.66% of revenue to pay for its variable and fixed costs. The graph also shows an increasing trend of operating margin over the last five years. Compared to KCL, STL's operating margin is above KCL. Therefore, STL has a favorable operating profit margin.



### Net Profit Margin:

The profit margin ratio, also called the return on sales ratio or gross profit ratio, is a profitability ratio that measures the amount of net income earned with each dollar of sales generated by comparing the net income and net sales of a company. The higher the margin is, the more effective the company is in converting revenue into actual profit. From the table above, it is seen that in 2014, STL's net profit margin was 6.33% which means STL has converted 6.33% of its sales into profit. The graph also shows an increasing trend of net profit margin. Compared to KCL, STL's net profit margin is above than that of KCL. Therefore, STL has got a favorable net profit margin.

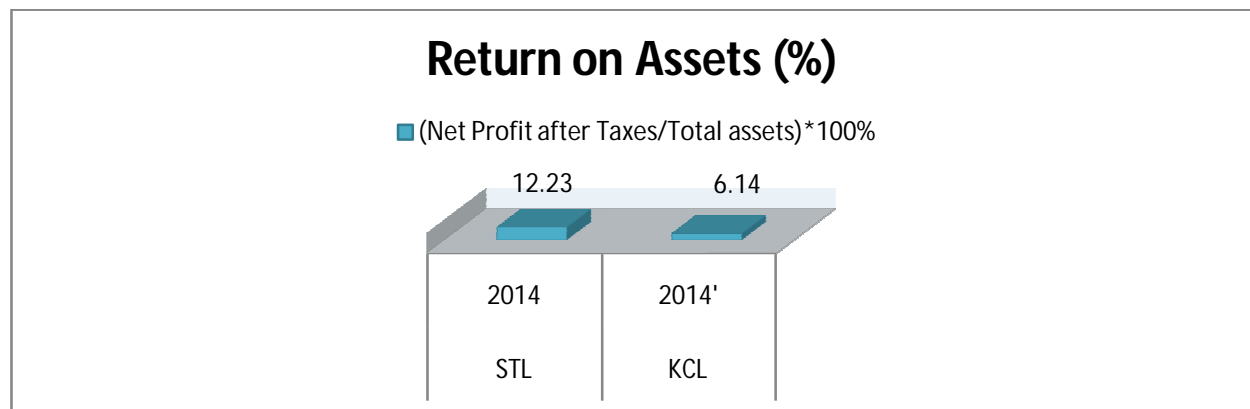
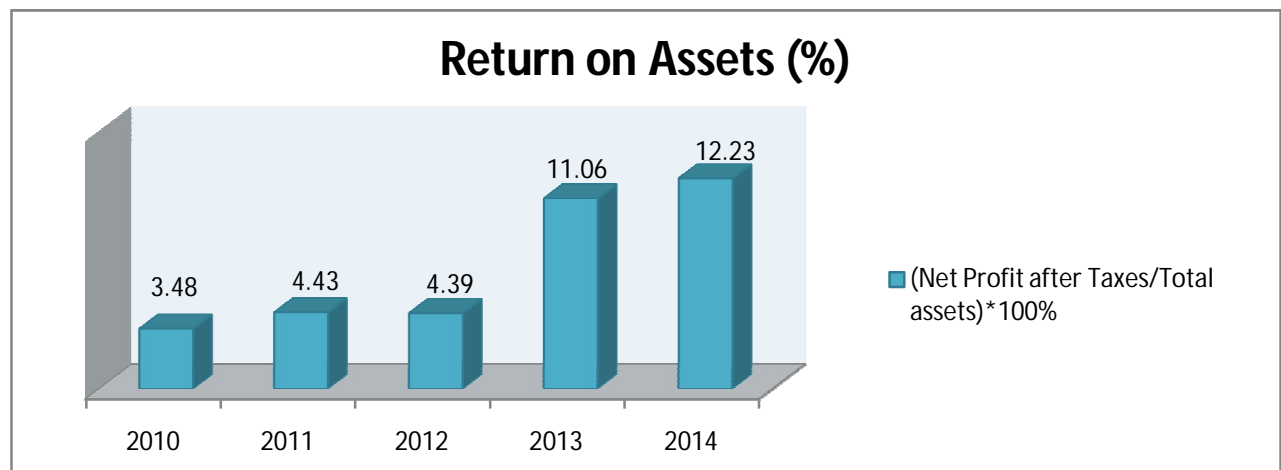




#### Return on Assets:

ROA shows how efficiently a company can convert the money used to purchase assets into net income or profits. The higher the return on assets is, the better it is, because the company is earning more money on its assets. From the table above, it is seen that in 2014, STL's net income is 12.23% higher than its total assets. The graph also shows an increasing trend of ROA over the

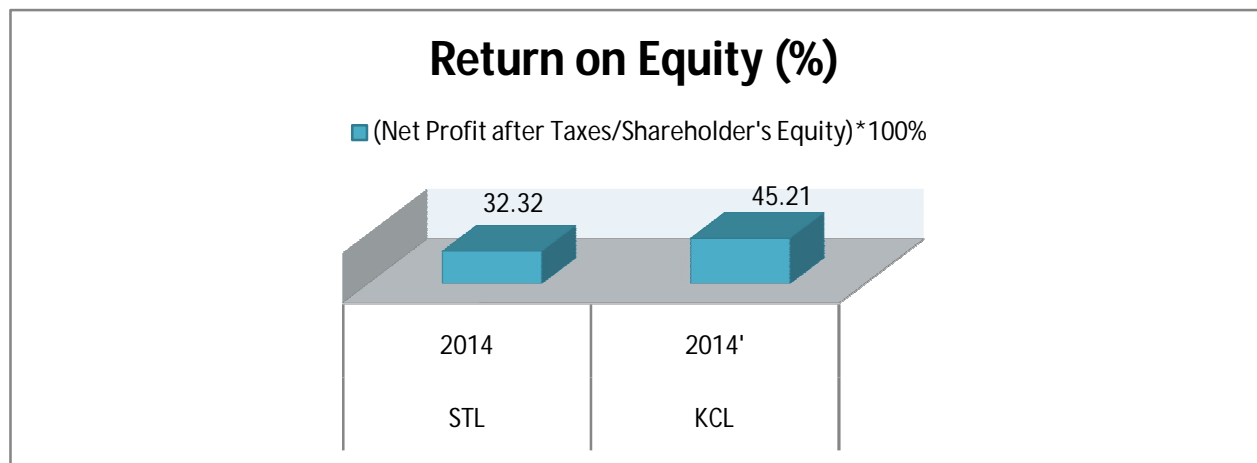
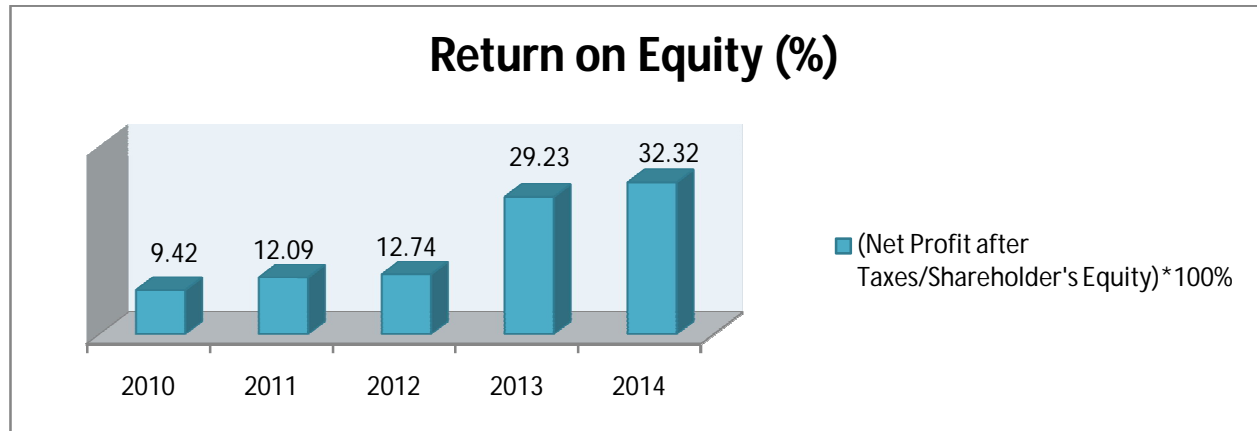
last five years. Compared to KCL, STL's ROA is higher than KCL. Thus, STL has a favorable ROA.



### Return on Equity:

**Return on Equity (ROE)** is an indicator of company's profitability by measuring how much profit the company generates with the money invested by common stock owners to enhance the growth of the company. Net income or profit generated is for the full fiscal year (before dividends paid to common stock holders but after dividends to preferred stock.) Shareholder's equity does

not include preferred shares. From the table above, it is seen that, in 2014, ROE of STL was 32.32% which means common stock owners saw 32.32% return on their investment. The graph also shows an increasing trend of ROE over the years. Compared to KCL, STL's ROE is below that of KCL



## **6.5 Recommendations:**

### **Improving Liquidity Ratios:**

From the liquidity ratios, both the current and quick ratio shows a declining trend in the year 2014. This has to be improved because lower the value of current ratio, lower is the margin of safety that the company possesses to cover short-term obligations. However, current ratio may provide a misleading indication of a company's liquidity position because the quality of each individual asset is not taken into account while computing this ratio. This means that a company with high current ratio may not always be able to pay its current liabilities as they become due if a large portion of its current assets consists of slow moving or obsolete inventories (illiquid). Therefore, quick ratio needs to be given more importance because it considers only the most liquid assets and gives a true indication of liquidity.

### **Improving Asset-Management Ratios:**

Inventory Turnover ratio shows a declining trend in the year 2014. This is bad for the company because a low inventory turnover ratio shows that raw materials tend to deteriorate as they sit in the warehouse idle and therefore poor sales. Low sales means that lower cost of goods sold. This might be due to lack of effective man-hour of the production workers which are not properly utilized or malfunctioning of the factory machines. Therefore, proper utilization of raw materials is required for high sales of finished goods and therefore for high inventory turnover ratio.

The accounts payable period of STL shows an increasing trend in the year 2014. This shows that STL is suffering from cash shortages and therefore takes more time to make payment to their creditors. This might be due to lower inventory turnover in the year 2014 where they could not generate enough sales due to idle raw materials. Therefore, their assets should be properly managed to generate sales so that STL does not face any cash problems for making payment. Also, it may deteriorate their reputation towards their suppliers which might hurt their sales in the long-run.

Total asset turnover ratios is seen to have a fluctuating trend over the years. The firm could be holding obsolete inventory and not selling inventory fast enough. With regard to accounts receivable, the firm's collection period could be too long and credit accounts may be on the books too long. Fixed assets, such as plant and equipment, could be sitting idle instead of being used to their full capacity. All of these issues could lead to a fluctuating total asset turnover ratio. Therefore, STL have to carefully manage their assets in order to have a high net sales throughout the years.

**Financial Ratio do not reflect true measurement of Management Quality:**

Financial ratios do not capture all of the important information that tells stakeholders how the business is doing today and helps them predict where it is going in the future. One of the key determinants of business success is the quality and experience of the management team. This information cannot be derived directly from financial ratios although large ratio difference can give an indication. Therefore, financial ratios do not indicate the real face of management quality.

## **Chapter-07**

### **Conclusion**

Upon analyzing the general financial management of Square Toiletries Limited, it was seen that Square Toiletries Limited is the country's leading manufacturer of international quality brand with huge number of diversified products. For effective sales management, STL follows the accrual-basis accounting and records it in their vouchers. Also analyzing their financial performance, we found out whether STL will stay solvent and remain in business. This was done by comparing ratios over time for same company and over time for the company compared with its peer group, KCCL. In most of the cases, their efficiency, solvency and activity ratios showed an increasing trend over the last five years while their liquidity ratios showed a fluctuating trend over the last five years. However, from the ratios it was seen that Liquidity and Asser-Management ratios need to be improved if the company wants to reduce their level of obligations. Finally, I can say that general financial management practice of Square Toiletries Limited is otherwise very efficient and the weaknesses are to be addressed with effective solution. This way Square Toiletries Limited can uphold its position as a business icon.

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**16)** C. C. D. Consultants Inc. (2009 – 2015) Return on Equity Interpretation. Available from:

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## Appendix

Annual Report 2014

**KOHINOOR CHEMICAL COMPANY (BANGLADESH) LIMITED**  
**TEJGAON INDUSTRIAL AREA, DHAKA - 1208.**

**Statement of Financial Position**  
**As at 30th June, 2014**

| Particulars                                 | Note  | Amount in Taka       |                      |
|---|-------|----------------------|----------------------|
|   |       | 30.06.2014           | 30.06.2013           |
| <b>ASSETS:</b>                              |       |                      |                      |
| <b>Non-Current Assets</b>                   |       | <b>305,415,286</b>   | <b>324,326,938</b>   |
| Property, Plant and Equipment               | 3.00  | 293,507,954          | 312,419,606          |
| Goodwill                                    | 4.00  | 11,907,332           | 11,907,332           |
| <b>Current Assets</b>                       |       | <b>1,439,953,271</b> | <b>1,343,850,500</b> |
| Inventories                                 | 5.00  | 963,396,630          | 916,667,980          |
| Sundry Debtors <i>A/R.</i>                  | 6.00  | 8,361,487            | 8,146,823            |
| Advances, Deposits and Prepayments          | 7.00  | 271,257,925          | 253,282,702          |
| Fixed Deposit with Banks                    | 8.00  | 22,201,755           | 19,984,615           |
| Investment in Marketable Securities         | 9.00  | 72,372,295           | 72,381,968           |
| Inter Project Current Account               | 10.00 | 5,583,276            | 5,583,276            |
| Cash and Cash Equivalents                   | 11.00 | 96,779,903           | 67,803,136           |
| <b>TOTAL ASSETS</b>                         |       | <b>1,745,368,557</b> | <b>1,668,177,438</b> |
| <b>Equity and Liabilities:</b>              |       |                      |                      |
| <b>Shareholders' Equity</b>                 |       | <b>237,147,251</b>   | <b>129,930,572</b>   |
| Share Capital                               | 12.00 | 81,250,000           | 65,000,000           |
| Reserves                                    | 13.00 | 7,143,605            | 7,143,605            |
| Retained Earnings                           |       | 148,753,646          | 57,786,967           |
| <b>Non-Current Liabilities</b>              |       | <b>378,785,762</b>   | <b>377,178,925</b>   |
| Provision for Gratuity                      | 14.00 | 19,356,131           | 19,945,391           |
| Debenture and Interest Payable to Govt.     | 15.00 | 326,089,784          | 326,089,784          |
| Deferred Tax Liability                      | 16.00 | 33,339,847           | 31,143,750           |
| <b>Current Liabilities</b>                  |       | <b>1,129,435,545</b> | <b>1,161,067,940</b> |
| Short Term Loan                             | 17.00 | 379,737,853          | 454,594,521          |
| Sundry Creditors <i>A/P</i>                 | 18.00 | 569,169,496          | 550,434,270          |
| Accrued Liabilities                         | 19.00 | 169,850,698          | 145,809,547          |
| Dividend Payable                            | 20.00 | 10,677,498           | 10,229,602           |
| <b>TOTAL EQUITY AND LIABILITIES</b>         |       | <b>1,745,368,557</b> | <b>1,668,177,437</b> |
| <b>Contingent Liabilities</b>               | 21.00 | <b>268,101,570</b>   | <b>268,101,570</b>   |
| <b>Number of Shares used to compute NAV</b> |       | <b>8,125,000</b>     | <b>6,500,000</b>     |
| <b>Net Asset Value (NAV) Per Share</b>      |       | <b>29.19</b>         | <b>19.99</b>         |

These financial statements should be read in conjunction with the annexed notes from 1 to 29 and were approved by the Board of Directors on ..... and were signed on its behalf by:

**Managing Director**  
Signed in terms of our separate report of even date annexed,  
Dated: Dhaka  
26th October, 2014.

**Director**

**Company Secretary**

**A. MATIN & CO.**  
Chartered Accountants

## Annual Report/2014

**KOHINOOR CHEMICAL COMPANY (BANGLADESH) LIMITED**  
**TEJGAON INDUSTRIAL AREA, DHAKA - 1208.**  
**Statement of Comprehensive Income**  
**As at 30th June, 2014**

| Particulars  | Note | Amount in Taka     |                    |
|--|------|--------------------|--------------------|
|  |      | 30.06.2014         | 30.06.2013         |
| <b>Revenue from Net Sales</b>                      | 22   | 2,960,859,038      | 2,718,967,831      |
| <b>Cost of Goods Sold</b>                          | 23   | (2,429,523,708)    | (2,248,343,275)    |
| <b>Gross Profit</b>                                |      | <b>531,335,331</b> | <b>470,624,556</b> |
| <b>Operating Expenses</b>                          |      | <b>308,212,644</b> | <b>290,921,012</b> |
| Salaries & Allowances                              | 24   | 162,080,802        | 156,799,558        |
| General & Administrative Expenses                  | 25   | 10,645,536         | 10,959,278         |
| Selling & Distribution Expenses                    | 26   | 135,486,307        | 123,162,176        |
| <b>Profit from Operation</b>                       |      | <b>223,122,686</b> | <b>179,703,544</b> |
| Financial Expenses — <i>Int. Exp.</i>              | 27   | (64,843,857)       | (52,947,364)       |
| Other Income                                       | 28   | 3,244,426          | 4,974,483          |
| <b>Net Profit before W.P.P.F. &amp; Income Tax</b> |      | <b>161,523,256</b> | <b>131,730,663</b> |
| Workers' Profit Participation Fund                 |      | (7,691,584)        | (6,272,889)        |
| <b>Net Profit before Income Tax</b> <i>E.B.T.</i>  |      | <b>153,831,672</b> | <b>125,457,774</b> |
| Income Tax Provision                               |      | (44,418,895)       | (32,603,339)       |
| Deferred Tax Income/(Expenses)                     | 29   | (2,196,097)        | 273,314            |
| <b>Net Profit after Income Tax</b>                 |      | <b>107,216,680</b> | <b>93,127,749</b>  |
| <b>Earning Per Share (EPS)</b>                     |      | <b>13.20</b>       | <b>14.33</b>       |
| Effective EPS after adjustment of bonus share      |      |                    | <b>11.43</b>       |

Annexed notes from 1 to 29 an integral part of these Financial Statement.

**Managing Director**

**Director**

**Company Secretary**

Signed in terms of our separate report of even date annexed.

Dated: Dhaka  
26th October, 2014

**A. MATIN & CO.**  
Chartered Accountants



CHOWDHURY BHATTACHARJEE & CO.  
CHARTERED ACCOUNTANTS

**SQUARE TOILETRIES LIMITED  
BALANCE SHEET  
AS AT 30 JUNE 2011**

|  | Notes | 30 June 2011<br>Unit No.<br>1,2,3,4,5,6&7 | 30 June 2010<br>Total |
|--|-------|---|-----------------------|
| <b>FIXED ASSETS</b>  |       |   |                       |
| At cost less accu.depreciation                                 | 1     | 422,743,330                               | 320,632,079           |
| <b>CURRENT ASSETS</b>  |       |   |                       |
| Cash and Bank Balances   | 2     | 29,251,893                                | 19,263,630            |
| VAT & ST Current Account                                       |       | 47,128,289                                | 13,543,005            |
| Investment on DSE  |       | 51,897,290                                | 28,853,310            |
| Advances & Deposits  | 3     | 94,430,816                                | 120,883,249           |
| Accounts Receivable  |       | 68,086,048                                | 76,390,621            |
| Stock in Trade and in Transit                                  | 4     | 618,620,169                               | 421,435,077           |
|  |       | (1) 909,414,305                           | 680,368,892           |
| <b>TOTAL ASSETS</b>  |       | <b>Total Taka 1,332,157,635</b>           | <b>1,001,000,971</b>  |
| <b>FINANCE BY :</b>  |       |   |                       |
| Authorised Capital :   |       |   |                       |
| 5,000,000 Ordinary Shares of Tk 100/- each                     |       | Taka 500,000,000                          | 500,000,000           |
| Issued, Subscribed & Paid up Capital :                         |       |   |                       |
| 750,000 Ordinary Shares of Tk 100/- each fully paid up in cash |       | 75,000,000                                | 75,000,000            |
| Tax Holiday Reserve  |       | 52,819,727                                | 52,819,727            |
| Accumulated Surplus  |       | 360,051,718                               | 301,078,601           |
|  |       | (2) 487,871,445                           | 428,898,328           |
| <b>CURRENT LIABILITIES</b>                                     |       |   |                       |
| Short Term Bank Loan   |       | 314,588,947                               | 277,700,118           |
| Liabilities for Goods Supplied                                 | 5     | 263,468,226                               | 163,485,888           |
| Liabilities for Expenses                                       | 6     | 81,805,275                                | 18,860,408            |
| Liabilities for Other Finance                                  | 7     | 11,776,959                                | 8,832,669             |
| Loan from Sister Concern                                       |       | 93,755,651                                | -                     |
| Workers Profit Participation Fund                              |       | 4,985,960                                 | 3,141,954             |
| Provision for Income Tax                                       |       | 66,108,498                                | 88,911,635            |
|  |       | (2) (1) 836,489,516                       | 558,932,672           |
| <b>NON CURRENT LIABILITIES</b>                                 |       |   |                       |
| Long term loan   |       | 7,796,674                                 | 13,170,971            |
| <b>Total Taka</b>  |       | <b>1,332,157,635</b>                      | <b>1,001,001,971</b>  |

Attached notes form part of these financial statements.

Signed as per annexed report of even date.

Managing Director

Director

B.K. Bhattacharjee, FCA  
Partner  
Chowdhury Bhattacharjee & Co.  
(CHARTERED ACCOUNTANTS)

Dated, Dhaka  
10 September, 2011



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CHOWDHURY BHATTACHARJEE & CO.  
CHARTERED ACCOUNTANTS

**SQUARE TOILETRIES LIMITED  
STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 30 JUNE 2011**

|   | Note | 2010-2011<br>Unit No.<br>1,2,3,4,5,6&7 | 2009-2010<br>Total   |
|---|------|--|----------------------|
| <b>SALES - Local</b>  | 8    | 3,404,130,970                          | 2,984,717,120        |
| <b>- Export</b>   |      | 11,080,945                             | 7,720,811            |
|   |      | <u>3,475,211,915</u>                   | <u>2,992,437,931</u> |
| <b>Less : Cost of Goods Sold :</b>                                    |      |  |                      |
| Cost of Goods Manufactured  |      | 2,326,760,677                          | 2,039,766,729        |
| Purchase of Finished Goods  |      | 241,470,515                            | 187,750,442          |
| Add : Opening Stock of Finished Goods                                 |      | 93,796,244                             | 82,374,002           |
| Less : Closing Stock of Finished Goods                                |      | (89,188,581)                           | (93,796,244)         |
|   |      | <u>2,572,828,855</u>                   | <u>2,216,094,929</u> |
| <b>GROSS PROFIT</b>   |      | <u>902,383,060</u>                     | <u>776,343,002</u>   |
| <b>Less : Administrative, Selling<br/>&amp; Distribution Overhead</b> |      | <u>800,274,917</u>                     | <u>690,552,314</u>   |
| <b>Profit from operation</b>  |      | <u>102,108,143</u>                     | <u>85,790,688</u>    |
| <b>Add : Other Income</b>   |      | <u>20,430,843</u>                      | <u>9,344,935</u>     |
|   |      | <u>122,538,986</u>                     | <u>95,135,623</u>    |
| <b>Less: Financial Overhead</b>                                       |      | <u>17,833,820</u>                      | <u>29,154,589</u>    |
| <b>Net Profit before contribution to WPPF</b>                         |      | <u>104,705,166</u>                     | <u>65,981,034</u>    |
| <b>Less : Allocation for WPPF</b>                                     |      | <u>4,985,960</u>                       | <u>3,141,954</u>     |
| <b>NET INCOME FOR THE YEAR (EBT)</b>                                  |      | <u>99,719,206</u>                      | <u>62,839,080</u>    |
| <b>Less : Prov. for Income Tax after export rebate</b>                |      | <u>33,527,408</u>                      | <u>22,437,581</u>    |
|   |      | <u>66,191,798</u>                      | <u>40,401,499</u>    |
| <b>Less : Short Provision Of Income Tax (2004 to 2009)</b>            |      | <u>7,218,681</u>                       | <u>-</u>             |
|   |      | <u>58,973,117</u>                      | <u>40,401,499</u>    |
| <b>Add: Other Comprehensive Income</b>                                |      | <u>-</u>                               | <u>-</u>             |
| <b>Total Comprehensive Income for the year (EAT)</b>                  |      | <u>58,973,117</u>                      | <u>40,401,499</u>    |
|   | Taka |  |                      |

Attached notes form part of these  
financial statements.

Signed as per annexed report of even date.

Managing Director

Director

B.K. Bhattacharjee, FCA  
Partner  
Chowdhury Bhattacharjee & Co.  
(CHARTERED ACCOUNTANTS)

Dated, Dhaka  
10 September, 2011

Net profit after taxes.



CHOWDHURY BHATTACHARJEE & CO.  
CHARTERED ACCOUNTANTS

**SQUARE TOILETRIES LIMITED  
BALANCE SHEET  
As at 30 June 2010**

|  | Notes | 30 June 2010<br>Unit No.<br>1,2,3,4,5,6&7 | 30 June 2009<br>Total |
|--|-------|---|-----------------------|
| <b>FIXED ASSETS</b>  |       |   |                       |
| At cost less accu.depreciation                                 | 1     | 320,832,079                               | 287,384,227           |
| <b>CURRENT ASSETS</b>  |       |   |                       |
| Cash and Bank Balances   | 2     | 19,263,630                                | 22,457,387            |
| VAT & ST Current Account                                       |       | 13,543,005                                | 6,844,603             |
| Investment on DSE  |       | 28,853,310                                | 3,188,124             |
| → Advances & Deposits  | 3     | 120,883,249                               | 104,884,312           |
| → Accounts Receivable  |       | 76,390,621                                | 65,067,198            |
| → Stock in Trade and in Transit                                | 4     | 421,435,077                               | 415,326,474           |
| Inter-unit Balances  | 5     | 160,762,803                               | 132,115,747           |
|  |       | <u>841,131,695</u>                        | <u>749,883,936</u>    |
| <b>TOTAL ASSETS</b>  |       | <b>Total Taka 1,161,763,774</b>           | <b>1,037,268,163</b>  |
| <b>FINANCE BY :</b>  |       |   |                       |
| Authorised Capital :   |       |   |                       |
| 5,000,000 Ordinary Shares of Tk 100/- each                     |       | Taka 500,000,000                          | 500,000,000           |
| Issued, Subscribed & Paid up Capital :                         |       |   |                       |
| 750,000 Ordinary Shares of Tk 100/- each fully paid up in cash |       | 75,000,000                                | 75,000,000            |
| Tax Holiday Reserve  |       | 52,819,727                                | 52,819,727            |
| Accumulated Surplus  |       | 301,078,601                               | 260,677,102           |
|  |       | <u>428,898,328</u>                        | <u>388,496,829</u>    |
| <b>CURRENT LIABILITIES</b>                                     |       |   |                       |
| Short Term Bank Loan   |       | 277,700,118                               | 300,063,408           |
| Liabilities for Goods Supplied A/c                             | 6     | 182,031,213                               | 123,904,695           |
| Liabilities for Expenses                                       | 7     | 315,083                                   | 240,620               |
| Liabilities for Other Finance                                  | 8     | 6,832,669                                 | 4,868,761             |
| Workers Profit Participation Fund                              |       | 3,140,954                                 | 2,901,941             |
| Provision for Income Tax                                       |       | 88,911,635                                | 66,474,054            |
| Inter-unit Balances  | 9     | 160,762,803                               | 132,115,747           |
|  |       | <u>719,694,475</u>                        | <u>630,572,226</u>    |
| <b>NON CURRENT LIABILITIES</b>                                 |       |   |                       |
| Long term loan   |       | 13,170,971                                | 18,199,108            |
| <b>Total Taka</b>  |       | <b>1,161,763,774</b>                      | <b>1,037,268,163</b>  |

Attached notes form part of these financial statements.

Signed as per annexed report of even date.

Managing Director

Director



B.K. Bhattacharjee, FCA  
Partner  
Chowdhury Bhattacharjee & Co.  
(CHARTERED ACCOUNTANTS)

Dated, Dhaka  
28 October, 2010

CHOWDHURY BHATTACHARJEE & CO.  
CHARTERED ACCOUNTANTS

**SQUARE TOILETRIES LIMITED  
PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 30 JUNE 2010**

|   | Note        | 2009-2010<br>Unit No.<br>1,2,3,4,5,6&7 | 2008-2009<br>Total   |
|---|-------------|--|----------------------|
| <b>SALES - Local</b>                                      | 10          | 2,984,717,120                          | 2,868,091,358        |
| <b>- Export</b>   |             | 7,720,811                              | 11,520,534           |
|   |             | <u>2,992,437,931</u>                   | <u>2,879,611,893</u> |
| <b>Less : Cost of Goods Sold :</b>                        |             |  |                      |
| Cost of Goods Manufactured                                |             | 2,039,766,729                          | 1,992,995,967        |
| Purchase of Finished Goods                                |             | 187,750,442                            | 160,529,395          |
| Add : Opening Stock of Finished Goods                     |             | 82,374,002                             | 61,781,000           |
| Less : Closing Stock of Finished Goods                    |             | <u>(93,796,244)</u>                    | <u>(82,374,002)</u>  |
|   |             | <u>2,216,094,929</u>                   | <u>2,132,932,359</u> |
| <b>GROSS PROFIT</b>                                       |             | <u>776,343,002</u>                     | <u>746,679,534</u>   |
| Less : Administrative, Selling<br>& Distribution Overhead |             | <u>690,552,314</u>                     | <u>665,947,999</u>   |
| <b>Profit from operation</b>                              |             | <u>85,790,688</u>                      | <u>80,731,536</u>    |
| Add : Other Income  |             | <u>9,344,934</u>                       | <u>5,908,128</u>     |
|   |             | <u>95,135,622</u>                      | <u>86,639,663</u>    |
| Less: Financial Overhead (Interest Expense)               |             | <u>29,154,589</u>                      | <u>25,698,889</u>    |
| <b>Net Profit before contribution to WPPF</b>             |             | <u>65,981,033</u>                      | <u>60,940,774</u>    |
| Less : Allocation for WPPF                                |             | <u>3,141,954</u>                       | <u>2,901,942</u>     |
| <b>NET PROFIT FOR THE YEAR (EBT)</b>                      |             | <u>62,839,079</u>                      | <u>58,038,832</u>    |
| Less : Prov. for Income Tax after export rebate           |             | <u>22,437,581</u>                      | <u>20,168,610</u>    |
|   |             | <u>40,401,498</u>                      | <u>37,870,222</u>    |
| Less : Tax Holiday Reserve after export rebate            |             |  | <u>1,665,188</u>     |
| <b>Surplus for the year (EAT)</b>                         |             | <u>40,401,499</u>                      | <u>36,205,034</u>    |
| Surplus Brought Forward                                   |             | <u>260,677,102</u>                     | <u>224,472,068</u>   |
| <b>Surplus Carried Forward</b>                            |             | <u>301,078,601</u>                     | <u>260,677,102</u>   |
|   | <b>Taka</b> |  |                      |

Attached notes form part of these  
financial statements.

Signed as per annexed report of even date.

Managing Director

Director



B.K. Bhattacharjee, FCA  
Partner  
Chowdhury Bhattacharjee & Co.  
(CHARTERED ACCOUNTANTS)

Dated, Dhaka  
28 October, 2010



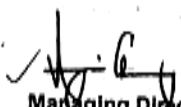
CHOWDHURY BHATTACHARJEE & CO.  
CHARTERED ACCOUNTANTS

**SQUARE TOILETRIES LIMITED**  
**STATEMENT OF FINANCIAL POSITION**  
**As at 30 June, 2013**

|  | Notes | 30 June, 2013<br>Unit No.<br>1,2,3,4,5,6&7<br>Taka | 30 June, 2012<br>Unit No.<br>1,2,3,4,5,6&7<br>Taka |
|--|-------|--|--|
| <b>ASSETS :</b>  |       |  |  |
| <b>Non-Current Assets :</b>  |       |  |  |
| Property, Plant and Equipment<br>(At cost less accumulated depreciation) | 1.00  | 661,381,774  | 558,245,210  |
| <b>Current Assets :</b>  |       |  |  |
| Cash and Cash Equivalents  | 2.00  | 1,258,897,647                                      | 1,063,112,889                                      |
| Investment in Marketable Securities                                      | 2.00  | 30,891,041   | 48,521,669   |
| Advances and Deposits  | 3.00  | 66,098,472   | 67,280,794   |
| Accounts Receivable  | 3.00  | 157,239,371  | 127,215,886  |
| Stock in Trade and in Transit (Inventory)                                | 4.00  | 277,551,750  | 68,340,999   |
|  |       | 727,117,013  | 751,753,541  |
| <b>TOTAL ASSETS</b>  |       | <b>1,920,279,421</b>                               | <b>1,621,358,099</b>                               |
| <b>SHAREHOLDERS' EQUITY AND LIABILITIES :</b>                            |       |  |  |
| <b>Authorized Capital :</b>  |       |  |  |
| 5,000,000 Ordinary Shares of TK 100/- each                               |       | 500,000,000  | 500,000,000  |
| <b>Issued, Subscribed and Paid up Capital :</b>                          |       |  |  |
| 2,250,000 Ordinary Shares of Tk 100/- each fully paid up in cash         |       | 225,000,000  | 225,000,000  |
| Tax Holiday Reserve  |       | 52,819,727   | 52,819,727   |
| Retained Earnings  |       | 448,634,745  | 281,290,405  |
| <b>Non-Current Liabilities :</b>   |       |  |  |
| Long term loan   |       |  | 615,130  |
| <b>Current Liabilities :</b>   |       |  |  |
| Short Term Bank Loan   |       | 541,726,508  | 232,431,301  |
| Liabilities for Goods Supplied (A/P)                                     | 5.00  | 161,678,132  | 195,925,626  |
| Liabilities for Expenses   | 6.00  | 147,170,038  | 199,804,749  |
| Liabilities for Other Finance  | 7.00  | 8,801,106  | 16,591,498   |
| Loan from Sister Concern   |       | 111,550,345  | 331,521,889  |
| Workers Profit Participation Fund  |       | 16,952,875   | 6,124,981  |
| Provision for Income Tax   |       | 205,945,945  | 79,232,793   |
| <b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>                        |       | <b>1,920,279,421</b>                               | <b>1,621,358,099</b>                               |

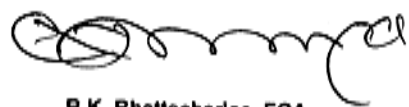
Attached notes form part of these  
financial statements.

Signed as per annexed report of even date.

  
Managing Director

  
Director

Dated, Dhaka  
27 October, 2013

  
B.K. Bhattacharjee, FCA  
Partner  
Chowdhury Bhattacharjee & Co.  
(CHARTERED ACCOUNTANTS)





CHOWDHURY BHATTACHARJEE & CO.  
CHARTERED ACCOUNTANTS

**SQUARE TOILETRIES LIMITED**  
**STATEMENT OF COMPREHENSIVE INCOME**  
for the year ended 30 June, 2012

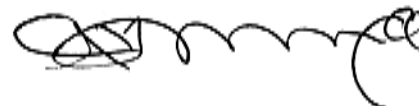
|  | Notes | 2012-2013<br>Unit No.<br>1,2,3,4,5,6&7<br>Taka | 2011-2012<br>Unit No.<br>1,2,3,4,5,6&7<br>Taka |
|--|-------|--|--|
| <b>GROSS TURNOVER</b>                                    | 09.00 | 5,650,235,565                                  | 4,721,337,679                                  |
| Less : Value Added Tax                                   |       | 672,264,300                                    | 630,881,425                                    |
| <b>NET TURNOVER (Net sales)</b>                          |       | 4,977,971,265                                  | 4,090,456,254                                  |
| Less : Cost of goods sold                                | 10.00 | 3,703,720,903                                  | 3,041,941,541                                  |
| <b>GROSS PROFIT</b>                                      |       | 1,274,250,362                                  | 1,048,514,713                                  |
| Less : Administrative, Selling and Distribution Overhead | 11.00 | 939,518,651                                    | 919,813,211                                    |
| Financial Overhead (Interest expense)                    |       | 12,385,806                                     | 16,056,135                                     |
| <b>PROFIT FROM OPERATIONS</b>                            |       | 322,345,905                                    | 112,645,367                                    |
| Add : Other Income                                       |       | 33,664,461                                     | 15,979,233                                     |
| <b>Net Profit before contribution to WPPF</b>            |       | 356,010,366                                    | 128,624,600                                    |
| Less : Allocation for WPPF                               |       | 16,952,875                                     | 6,124,981                                      |
| <b>PROFIT BEFORE TAX (EBT)</b>                           |       | 339,057,491                                    | 122,499,619                                    |
| Less : Provision for Income Tax                          |       | 126,713,152                                    | 45,705,385                                     |
|  |       | 212,344,340                                    | 76,794,234                                     |
| Less : Short Provision of Income Tax (2004 to 2009)      |       | -  | 5,555,547                                      |
| <b>Total Comprehensive Income for the year (EAT)</b>     |       | 212,344,340                                    | 71,238,687                                     |
| <b>Earning Per Share</b>                                 |       | 94.38  | 31.66  |
| <b>Number of Share</b>                                   |       | 2,250,000                                      | 2,250,000                                      |

Attached notes form part of these financial statements.

Signed as per annexed report of even date.

  
Managing Director

  
Director



**B.K. Bhattacharjee, FCA**  
**Partner**  
**Chowdhury Bhattacharjee & Co.**  
**(CHARTERED ACCOUNTANTS)**



**Dated, Dhaka**  
**27 October, 2013**

CHOWDHURY BHATTACHARJEE & CO.  
CHARTERED ACCOUNTANTS

**SQUARE TOILETRIES LIMITED**  
**STATEMENT OF FINANCIAL POSITION**  
As at 30 June 2012

|  | Notes | 30 June 2012<br>Unit No.<br>1,2,3,4,5,6&7 | 30 June 2011<br>Unit No.<br>1,2,3,4,5,6&7 |
|--|-------|---|---|
| <b>ASSETS :</b>  |       |   |   |
| <b>Non-Current Assets :</b>  |       |   |   |
| At cost less accumulated depreciation                              | 1     | 558,245,210<br><u>1,063,112,889</u>       | 422,743,330<br>909,414,305                |
| <b>Current Assets :</b>  |       |   |   |
| Cash and Cash Equivalents  | 2     | 48,521,669<br>67,280,794                  | 29,251,693<br>51,897,290                  |
| Investment in Marketable Securities                                | 3     | 127,215,886                               | 141,559,105                               |
| Advances & Deposits  | 3     | 68,340,999                                | 68,086,048                                |
| Accounts Receivable  | 4     | 751,753,541                               | 618,620,169                               |
| Stock in Trade and in Transit                                      |       |   |   |
| <b>TOTAL ASSETS</b>  |       | <b>Taka 1,621,358,099</b>                 | <b>1,332,157,635</b>                      |
| <b>FINANCED BY :</b>   |       |   |   |
| <b>Authorised Capital :</b>  |       |   |   |
| 5,000,000 Ordinary Shares of Tk 100/- each                         |       | <b>Taka 500,000,000</b>                   | <b>500,000,000</b>                        |
| <b>Issued, Subscribed &amp; Paid up Capital :</b>                  |       |   |   |
| 22,50,000 Ordinary Shares of Tk 100/- (each fully paid up in cash) |       | <b>₹ 559,110,132</b>                      | <b>487,871,445</b>                        |
| Tax Holiday Reserve  |       | 225,000,000                               | 75,000,000                                |
| Retained Earnings  |       | 52,819,727                                | 52,819,727                                |
|  |       | 281,290,405                               | 360,051,718                               |
| <b>Non-Current Liabilities :</b>                                   |       |   |   |
| Long term loan   |       | 615,130<br><u>1,061,632,837</u>           | 7,796,874<br>836,489,516                  |
| <b>Current Liabilities :</b>                                       |       |   |   |
| Short Term Bank Loan   |       | 232,431,301                               | 314,588,947                               |
| Liabilities for Goods Supplied                                     | 5     | 195,925,826                               | 263,468,226                               |
| Liabilities for Expenses   | 6     | 199,804,749                               | 81,805,275                                |
| Liabilities for Other Finance                                      | 7     | 16,591,498                                | 11,776,959                                |
| Loan from Sister Concern   |       | 331,521,889                               | 93,755,651                                |
| Workers Profit Participation Fund                                  |       | 6,124,981                                 | 4,985,960                                 |
| Provision for Income Tax   |       | 79,232,793                                | 66,108,498                                |
| <b>TOTAL LIABILITIES</b>   |       | <b>Taka 1,621,358,099</b>                 | <b>1,332,157,635</b>                      |

Attached notes form part of these financial statements.

Signed as per annexed report of even date.

  
Managing Director

Dated, Dhaka  
16 October, 2012

Director

  
**Ratna Patra**  
Vice Chairperson  
SQUARE TOILETRIES LIMITED

**B.K. Bhattacharjee, FCA**  
Partner  
Chowdhury Bhattacharjee & Co.  
(CHARTERED ACCOUNTANTS)



CHOWDHURY BHATTACHARJEE & CO.  
CHARTERED ACCOUNTANTS

**SQUARE TOILETRIES LIMITED**  
**STATEMENT OF COMPREHENSIVE INCOME**  
For the year ended 30 June 2012

|  | Note     | 2011-2012<br>Unit No.<br>1,2,3,4,5,6&7 | 2010-2011<br>Unit No.<br>1,2,3,4,5,6&7 |
|--|----------|--|--|
| <b>SALES:</b>  | <b>8</b> | <b>4,090,456,254</b>                   | <b>3,475,211,915</b>                   |
| Local-   |          | 4,074,415,947                          | 3,464,130,970                          |
| Export-  |          | 16,040,307                             | 11,080,945                             |
| <b>LESS : COST OF GOODS SOLD</b>                       |          | <b>3,041,941,541</b>                   | <b>2,572,828,855</b>                   |
| Cost of Goods Manufactured                             |          | 2,793,871,452                          | 2,326,750,677                          |
| Purchase of Finished Goods                             |          | 314,426,429                            | 241,470,515                            |
| Add : Opening Stock of Finished Goods                  |          | 89,188,581                             | 93,796,244                             |
| Less : Closing Stock of Finished Goods                 |          | (155,544,921)                          | (89,188,581)                           |
| <b>GROSS PROFIT</b>                                    |          | <b>1,048,514,713</b>                   | <b>902,383,060</b>                     |
| Less : Administrative, Selling & Distribution Overhead |          | 919,813,211                            | 800,274,917                            |
| <b>PROFIT FROM OPERATIONS</b>                          |          | <b>128,701,502</b>                     | <b>102,108,143</b>                     |
| Add : Other Income                                     |          | 15,979,233                             | 20,430,843                             |
| Less : Financial Overhead ( <i>Interest expense</i> )  |          | 144,680,735                            | 122,556,880                            |
| <b>Net Profit before contribution to WPPF</b>          |          | <b>(16,056,135)</b>                    | <b>17,833,820</b>                      |
| Less : Allocation for WPPF                             |          | 128,624,600                            | 104,705,166                            |
| <b>PROFIT BEFORE TAX (EBT)</b>                         |          | <b>6,124,981</b>                       | <b>4,985,960</b>                       |
| Less : Prov. for Income Tax after export rebate        |          | 122,499,619                            | 99,719,206                             |
| Less : Short Provision of Income Tax (2004 to 2009)    |          | 45,705,385                             | 33,527,408                             |
| <b>Total Comprehensive Income for the year (EAT)</b>   |          | <b>76,794,234</b>                      | <b>66,191,798</b>                      |
|  |          | 5,555,547                              | 7,218,681                              |
|  |          | <b>71,238,687</b>                      | <b>58,973,117</b>                      |
|  |          | <b>Taka</b>                            |  |

Attached notes form part of these  
financial statements.

Signed as per annexed report of even date.

  
Managing Director

  
Director

B.K. Bhattacharjee, FCA  
Partner  
Chowdhury Bhattacharjee & Co.  
(CHARTERED ACCOUNTANTS)

Dated, Dhaka  
16 October, 2012

  
Ratna Patra  
Vice Chairperson  
SQUARE TOILETRIES LIMITED



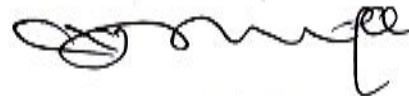
CHOWDHURY BHATTACHARJEE & CO.  
CHARTERED ACCOUNTANTS

**SQUARE TOILETRIES LIMITED**  
**STATEMENT OF FINANCIAL POSITION**  
**As at 30 June, 2014**

|  | Notes | 30 June, 2014<br>Unit No.<br>1,2,3,4,5,6&7<br>Taka | 30 June, 2013<br>Unit No.<br>1,2,3,4,5,6&7<br>Taka |
|--|-------|--|--|
| <b>ASSETS :</b>  |       |  |  |
| <b>Non-Current Assets :</b>  |       |  |  |
| Property, Plant and Equipment<br>(At cost less accumulated depreciation) | 1.00  | 932,752,601  | 661,381,774  |
| <b>Current Assets :</b>  |       | <b>1,885,187,284</b>                               | <b>1,258,897,647</b>                               |
| Cash and Cash Equivalents  | 2.00  | 47,633,266   | 30,891,041   |
| Investment in Marketable Securities                                      |       | 87,315,035   | 66,098,472   |
| Advances and Deposits  | 3.00  | 359,569,402  | 157,239,371  |
| Accounts Receivable  |       | 265,778,480  | 277,551,750  |
| Stock in Trade and in Transit  | 4.00  | 1,124,891,101                                      | 727,117,013  |
| <b>TOTAL ASSETS</b>  |       | <b>2,817,939,886</b>                               | <b>1,920,279,421</b>                               |
| <b>SHAREHOLDERS' EQUITY AND LIABILITIES :</b>                            |       |  |  |
| <b>Authorized Capital :</b>  |       |  |  |
| 5,000,000 Ordinary Shares of TK 100/- each                               |       | 500,000,000  | 500,000,000  |
| <b>Issued, Subscribed and Paid up Capital :</b>                          |       | <b>1,066,720,958</b>                               | <b>726,454,472</b>                                 |
| 2,250,000 Ordinary Shares of Tk 100/- each fully paid up in cash         |       | 225,000,000  | 225,000,000  |
| Tax Holiday Reserve  |       | 52,819,727   | 52,819,727   |
| <b>Retained Earnings</b>   |       | <b>788,911,231</b>                                 | <b>448,634,745</b>                                 |
| <b>Non-Current Liabilities :</b>   |       |  |  |
| Long term loan   |       |  |  |
| <b>Current Liabilities :</b>   |       | <b>1,761,208,928</b>                               | <b>1,193,824,949</b>                               |
| Short Term Bank Loan   |       | 741,263,666  | 541,726,508  |
| Liabilities for Goods Supplied   | 5.00  | 236,804,022  | 161,678,132  |
| Liabilities for Expenses   | 6.00  | 158,289,630  | 147,170,038  |
| Liabilities for Other Finance  | 7.00  | 8,215,328  | 8,801,106  |
| Loan from Sister Concern   |       | 224,212,718  | 111,550,345  |
| Workers Profit Participation Fund  |       | 26,416,336   | 16,952,875   |
| Provision for Income Tax   | 8.00  | 356,007,227  | 205,945,945  |
| <b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>                        |       | <b>2,817,939,886</b>                               | <b>1,920,279,421</b>                               |

Attached notes form part of these  
financial statements.

Signed as per annexed report of even date.



Managing Director

Director

Dated, Dhaka  
27 October, 2014

**B. K. Bhattacharjee, FCA**  
**Partner**  
**Chowdhury Bhattacharjee & Co.**  
**(CHARTERED ACCOUNTANTS)**





CHOWDHURY BHATTACHARJEE & CO.  
CHARTERED ACCOUNTANTS

**SQUARE TOILETRIES LIMITED**  
**STATEMENT OF COMPREHENSIVE INCOME**  
For the year ended 30 June, 2014

|  | Notes | 30 June, 2014<br>Unit No.<br>1,2,3,4,5,6&7<br>Taka | 30 June, 2013<br>Unit No.<br>1,2,3,4,5,6&7<br>Taka |
|--|-------|--|--|
| <b>GROSS TURNOVER</b>                                    |       |  |  |
| Less : Value Added Tax                                   | 9.00  | 6,186,234,834                                      | 5,650,235,666                                      |
| <b>NET TURNOVER (Net sales)</b>                          |       | 741,035,257  | 672,264,300  |
| Less : Cost of goods sold                                |       | 5,445,199,577                                      | 4,977,971,266                                      |
| <b>GROSS PROFIT</b>                                      | 10.00 | 4,052,939,598                                      | 3,703,720,903                                      |
| Less : Administrative, Selling and Distribution Overhead |       | 1,392,269,979                                      | 1,274,260,362                                      |
| Financial Overhead (Interest Expense)                    | 11.00 | 881,652,959  | 939,518,651  |
| <b>PROFIT FROM OPERATIONS</b>                            |       | (7,676,297)  | 12,385,806   |
| Add : Other Income                                       |       | 502,930,723  | 322,346,905  |
| <b>Net Profit before contribution to WPPF</b>            |       | 51,812,340   | 33,664,461   |
| Less : Allocation for WPPF                               |       | 554,743,063  | 356,010,366  |
| <b>PROFIT BEFORE TAX (PBT)</b>                           |       | 26,416,336   | 16,952,875   |
| Less : Provision for Income Tax                          |       | 528,326,726  | 339,057,491  |
| <b>Total Comprehensive Income for the year (EAT)</b>     |       | 183,588,690  | 126,713,152  |
| <b>Earning Per Share</b>                                 |       | 344,738,036  | 212,344,340  |
| <b>Number of Share</b>                                   |       | 153.22   | 94.38  |
|  |       | 2,250,000  | 2,250,000  |

Attached notes form part of these  
financial statements.

Signed as per annexed report of even date.

Managing Director

Director

Dated, Dhaka  
27 October, 2014

B. K. Bhattacharjee, FCA  
Partner  
Chowdhury Bhattacharjee & Co.  
(CHARTERED ACCOUNTANTS)

